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17 January 1986

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INTER-AMERICAN AFFAIRS

BRIEFS

PERU SELLS ECUADOR HEXANE--Talara, 16 Oct. After 20 years, Petro-Peru's natural gas department has begun exporting hexane to Ecuador after covering Peru's needs. This was reported by Carlos Espinoza, the engineer who is manager for operations in the northwest. He pointed out that these sales are an important source of foreign exchange for Peru and said that the first transaction consists of the sale of 100 tons of this chemical product. Engineer Luis Villanes, head of the gas department, said the hexane is a product recovered from the liquids derived from the natural gas produced by the area's oilfields. Processing is carried out at the Verdun Alto distilling plant, 12 kilometers south of Talara. Hexane is used in the food industry as an extractor of oil and as a solvent for resins. In our national industry it is used in the production of fish oil and other raw materials. [Text] [Lima EL COMERCIO in Spanish 17 Oct 85 p A-16]  
12856/9190

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BAHAMAS

TEXT OF PINDLING'S BUDGET PRESENTATION TO PARLIAMENT

Nassau THE TRIBUNE in English 26, 27 Nov 85

[26 Nov 85 pp 4, 7, 11]

[Text]

PRIME Minister and Minister of Finance Lynden Pindling yesterday read the Budget Communication for 1986 to the House of Assembly. The House was then adjourned to December 4th when the Communication will be debated.

Following is the first 20-pages of the Budget Communication. The section will be published tomorrow.

Mr Speaker:

The year 1985 is rapidly coming to a close; many will feel that it was a very short year. As it comes to a close we are reminded that we are mid-way through the decade of the eighties and vividly recall that many of the economic, social and political conditions which highlighted the decade of the seventies are still with us. Drought and famine continue to devastate some parts of the Third World community; the peoples of the Sahelian region of Africa in general and, in particular, Ethiopia, are still relying on aid from donor-groups and countries to feed hungry millions. Typhoons, floods and hurricanes have laid waste the farmlands of eastern Asia and parts of the Indian sub-continent. Indeed, some of our Caribbean sister countries are still in the midst of reconstruction of the damage

brought on by hurricanes of earlier years. The death toll from the recent earthquake in Mexico and last week's volcanic eruptions in Colombia are reminders that even nature plays a part in contributing to the increased misery of the citizens of the Third World.

Against the background of natural disasters, the economic realities of rising unemployment, decreasing productivity, widespread illiteracy and falling prices for export commodities must be painted on the landscape of most Third World countries. Politically, many of those countries must contend with the ravages of wars being fought on their doorsteps or the ominous threat of wars to come. Afghanistan, North and South Korea, North and South Vietnam, Kampuchea, Iran and Iraq, Ethiopia and Somalia, The Sudan, Angola, Southern Africa, Nicaragua and El Salvador. A great portion of our world of the nineteen eighties, it would appear, is either on the brink of economic and political collapse or, most certainly, on the threshold of a new era of intensified misery for millions of its inhabitants.

There are other parts of the world, however, where the landscape is not so gloomy nor the prospects for a better life for all so remote. I take no

particular pleasure, Mr Speaker, in having to refer to the misery of the many in order to accentuate the fortunes of the few, but the reality is that the fortunate few quite often ignore or conveniently forget their blessings vis-a-vis the rest of the world and are therefore in need of occasional reminders.

The Bahamas, quite frankly, belongs to the grouping of the fortunate few. It is third World by international classification but it does not share the horrors of war, famine, natural disasters nor economic devastation like so many of its sister countries in the global community. It is also Third World insofar as it shares the economic aspirations of the Third World which are that the gap between the haves and the have-nots must be effectively reduced, that all of its inhabitants are entitled to the same opportunities for improving their lot and, finally, that the national productive effort of the nation must be directed to the benefit of all.

In preparing the 1986 Budget Mr Speaker, I was mindful of the fact that public expenditure must not only be conducted for the benefit of all of the people but I was ever mindful that it must also be conceived within the framework of economic efficiency on the domestic level

and against the background of the fiscal realities of the international economy. In keeping with those principles Mr Speaker, it is my humble pleasure to lay on the Table of this Honourable House, the Draft Estimates of Revenue and Expenditure for the year 1986.

Mr Speaker, the increasing inter-dependence between and among nations which constitute the global economy compels me to take account of and reflect on some of the recent developments in the international economic community — developments which in some way are bound to impact on The Bahamas and the performance of the 1986 Budget.

#### **International Economic Developments**

The global recession of the early eighties came to an end in the latter part of 1984. However, the recovery in the early part of 1985 was at a much slower pace and has given rise to renewed skepticism regarding any projections with respect to international economic prospects. Nevertheless, most of the industrialised countries have recorded some level of positive growth throughout all of 1984 and into the first half of 1985. The rates of growth in industrialised countries were not uniform, however. The resurgence was led by the United States which recorded a growth rate in excess of 6% but Japan and the European economies registered growth rates more in the region of 3% to 4%. In the first half of 1985 the rate of growth in the US economy slowed considerably and is expected to remain at a moderate pace more in line with the European economies whose growth rates are also tentatively projected to be maintained in the vicinity of 3%.

One of the major implications of these moderate growth rates for the industrialised countries is likely to be reflected in small increases in employment but even those increases are not likely to be large enough to reduce unemployment levels. Indeed, employment still remains the major problem in the

world economy and the anticipated slow-down in economic activity may lead to a further deterioration for the industrial countries insofar as unemployment is projected to rise only marginally to some 8¼% from 8% in 1984.

One encouraging development in the major industrial countries was the fact that the recovery was achieved without a resurgence of inflationary pressures. The rate of inflation in those countries is expected to remain relatively low and the forecast for 1985 envisages a marginal decline to a figure somewhat below 4% from the 4.1% registered in 1984. The recent measures taken by the industrial countries to reduce the strength of the over valued US dollar should have some additional positive impact on stabilising inflation rates in the developed countries. Interest rate developments in the industrial countries during 1985 have been mixed. While US rates were generally lower than other countries last year, the rate differential remained in favour of the US. The high and rising US federal budget deficit is likely to induce upward pressures on interest rates and that possibility remains a cause of great concern to the international monetary community.

The current account deficit in the US, including official transfers, is expected to rise to \$130 billion this year. This, together with projected surpluses in Japan and Germany to the tune of \$44 billion and \$12 billion respectively, serve only to increase anxieties in the international monetary community.

Economic performance in the developing countries has been less than satisfactory. The prospects in these countries for improvement have been adversely affected first by the slowdown in economic activity in the developed countries and secondly by significant declines in community prices. The export earnings of developing countries are expected to fall by 3% this year after registering a growth of 8% in 1984. This decline is likely to impact more harshly on the countries whose major exports are fuels and

primary products. To the extent, therefore, that there is no reversal in the trend by year-end, developing countries could expect growth rates not to exceed 3½% and even that figure tends to hide the wide divergences between the rapid growth rates of countries in the Asian region and the slower or negative growth rates in other regions.

#### **Developments In The USA**

Nearer to home, Mr Speaker, the indications are that the US economy will grow only by 2¼% to 2½% in 1985, down sharply from the 6% to 8% surge of 1984. Inflation in the US has, however, been contained and it is expected that by year-end the consumer price index may rise by only about 3.5%, down from 3.4% in 1984.

On the employment front, the situation remains virtually unchanged. As of September this year, the rate of unemployment was static and the outlook for improvement for the rest of the year is not particularly encouraging. As I mentioned earlier, a disconcerting development in the US is the large and growing trade deficit which, in large measure, reflects itself in the unusual strength of the dollar which, also in large measure, drains investment from other areas. It is encouraging to note, however, that the American President has recently announced a multi-faceted plan to deal with his country's growing trade deficit the primary focus of which is to expand US exports rather than increase protectionist measures to cut imports.

In its conduct of monetary policy, the US Federal Reserve Board has continued to be guided by the need to control inflation and inflationary expectations. The Board maintained an accommodative monetary policy stance aimed at stimulating growth without reigniting inflation. This explains, in part, the downward pressure on interest rates. The prime rate fell in stages from 10½% at the end of 1984 to 9½% in June, this year. Correspondingly, the discount rate dropped from 8% to 7½%.

### Developments In The Caribbean

Economic performances in the Caribbean have changed little since my address to this Honourable House last year. The Caribbean, as a region, has experienced little in terms of real growth ranging from moderate rates of growth in the cases of The Bahamas, Barbados and Dominica and very low or negative rates of growth in the cases of Guyana and Jamaica. The strengthening of the US dollar in 1984 moderated the effect of the sluggish performances in the region in that a strong dollar lead to increased visits to the region by American tourists but only those countries with a strong tourist base such as The Bahamas were able to participate fully in the benefits of such a strengthening.

Current account deficits, rising external debts, low export earnings and escalating unemployment continue to plague our region so much so, Mr Speaker, that most of the countries are unable to take full advantage of the opportunities offered under the Caribbean Basin Economic Recovery Act. Simply put, Mr Speaker, it is difficult, if not impossible, to expand productive capacity in the export sector if there are not sufficient capital inflows to replace old equipment, machinery and parts; and the new investment flows foreshadowed by CBI have just not yet taken place. As a result tourism still appears to be the principal engine for growth in the Caribbean.

### Domestic Economic Developments

What is remarkable, Mr Speaker, is that against the backdrop of these international developments and indeed, in spite of some of them, the Bahamian economy continued to perform reasonably well. Our Central Bank's internal reserves rose sharply in the first half of the year reaching a record high of \$245.9 million in May, an increase of \$55.4 million over the peak level of the corresponding period last year. In the second half of the year, external reserves fell moderately, as expected, and at

October 29, the country's foreign exchange reserves stood at a hefty \$215.0 million, up \$46.7 million from the year earlier level of \$168.3 million.

The growth in money for the first nine months of the year resulted largely from a higher net inflow of foreign exchange. The Central Bank purchased a net of \$45.8 million in foreign currency, up from \$36.4 million for the corresponding period last year. Consequently, the narrow money supply increased by \$53.5 million or 27%, compared with \$41.3 million or 23% last year. The broader measure of money was also higher by \$73.9.

For the first nine months of this year, total domestic credit expanded by \$3.8 million as contrasted with a \$6.1 million contraction in the corresponding period last year. The total Bahamian dollar credit registered a marked growth of \$17.3 million, up from \$9.9 million a year earlier. Private sector BS credit rose by \$23.6 million, up significantly from \$5.5 million a year ago. This was partially offset by a \$6.3 million reduction in the net credit to the Government for the same period last year. Net credit to the Government registered an increase of \$4.4 million this year. Total foreign currency credit decreased by \$13.5 million compared with \$16.0 million last year. The private sector accounted for \$6.9 million of this decline, and the Government \$6.6 million.

Reflecting both the high level of liquidity in the banking system and the impact of the Central Bank's monetary policy, interest rates were generally lower during 1985, Mr Speaker. On May 9, the Central Bank lowered its bank rate by one percentage point to 8.5% from 9.5%. Simultaneously, commercial banks dropped their prime rate to 10% from 11%.

Price movements during the first eight months of 1985 also remained favourable. Consumer prices for the twelve month period ending in August rose by an average of 4.6%, up slightly from 3.6% for the same period last year. Viewed against that of our Caribbean neighbours, it is

abundantly clear that our inflation experience is outstanding and compares extremely favourably with that of the US. The latest information available to us shows inflation rates of 6.93% (September 1984 to September 1985) for Trinidad and Tobago, 24.0% (September 1984 to September 1985) for Jamaica, and 5.3% (at April 1985) for Barbados. From September 1984 to September 1985 Canada experienced an inflation rate of 4.1%.

### Gross Domestic Product

Mr Speaker, it is sometimes possible to obtain some useful and important economic information by attempting to develop statistical aggregates of gross domestic product. In this connection, I am informed that recent estimates of expenditure on the gross domestic product for The Bahamas show that since 1983, the GDP at current prices has continued to grow steadily. Between 1983 and 1984 the GDP is estimated to have increased in current prices by 8.7%, up from 1.82 billion Bahamian dollars to 1.98 billion Bahamian dollars.

It should be noted that healthy consumer spending has contributed most to this increased GDP in 1984. Expenditure on consumer goods and services by resident households jumped from a low \$923.5 million in 1983 to \$1.2 billion in 1984. Private investment, notably in construction, improved in 1984, up from an estimated \$310.6 million in 1983 to \$311.8 million in 1984. In terms of expenditure on exports, it is estimated that expenditure on the export of both goods and services grew from 1.24 billion dollars in 1983 to 1.27 billion dollars in 1984 or by 2.4%.

### External Trade

Mr Speaker, provisional estimates on external trade show that during the year 1984 the total value of commodities imported into The Bahamas (excluding crude petroleum and residual fuel oils) totalled BS1 billion.



The machinery and transport equipment category continues to be the largest contributor to our imports, totalling some B\$158 million or 15% of all imports. Fresh meats, fruits and vegetables, processed foods, alcoholic beverages, petroleum products, chemicals, building supplies, equipment and transportation were the major imports into The Bahamas. Processed food imports have continued to show a persistent, though gradual increase over the years. It is useful to note that imports of automobiles, which is regarded as a leading indicator of prosperity, increased from B\$37 million in 1983 to some B\$45 million in 1984.

The United States is still our major source of imports of non-crude and residual fuel oil, accounting for 79% of total imports. Our other major trading partners in 1984 included the United Kingdom, Canada, Germany and France.

Domestic exports during 1984 totalled B\$1.7 billion. Exports of refined oil during this period amounted to B\$1.5 billion, representing 87% of total domestic exports. Other major domestic exports consisted mainly of crawfish, rum, salt, aragonite and chemicals. About 72% of these exports went directly to the United States.

#### **Construction Activity**

The latest statistics on construction indicate an overall increase in construction activity for all The Bahamas during 1984. The number of permits issued during 1984 rose 18.8% to 3,579 from 3,013 in 1983. Their value increased 35.4% from B\$160.1 million to B\$216.7 million respectively. In New Providence, permits issued during 1984 increased by 18.0% to 2,625 from 2,164 in 1983 with a 54.5% increase in value from B\$104.0 million to B\$160.7 million. Starts rose by 13.2% from 1,260 to 1,426 in terms of quantities and 26.4% from B\$81.0 million to B\$102.4 million in terms of value. Completions rose by 15.9% in number but fell 66.1% in value during 1984.

During the first nine months of 1985 the number of permits issued for New Providence increased by 11.9% to 2,243 from 2,004 in 1984. The value increased by 7.1% to B\$120.1 million for the same period in 1985. Starts increased by 14.7% in number from 1,090 to 1,250, and by 23.3% in value from B\$71.1 million B\$87.6 million. Completions for 1985 increased by 31.4% in number from 647 to 850 and by 32.3% in value from B\$38.7 million to B\$51.2 million during the corresponding period.

In Grand Bahama, permits issued during the year 1984 decreased by 11.1% in number to 505 from 568 and by 20.7% in value to B\$32.6 million from B\$41.1 million during 1983. There was no change in the number of starts but their value decreased by 12.8% to B\$25.8 million from B\$29.6 million in 1984. Completions increased by 78% in number from 123 to 219 and by 19.6% in value from B\$14.3 million to B\$17.1 million for the same period.

Permits issued for construction in the Family Islands during 1984 increased by 59.8% to 449 from 281 in number in 1983. Their value showed an increase of 57.0% to B\$23.4 million from B\$14.9 million for the same period.

#### **Public Sector Performance, 1985 and plans for 1986**

Mr Speaker, I turn now to the performances of the public and quasi-public agencies over the past fiscal year. While dealing with them in some detail I would, at the same time, attempt to outline, in general terms, some of the plans and programmes my Government proposes to undertake during fiscal year 1986.

#### **Tourism**

Mr Speaker, Honourable Members need not be reminded just how dependent our national fortunes are upon the success of our tourism industry. Few, if any, countries in this hemisphere depend as heavily upon a rapidly and continuously growing tourism industry as does The Bahamas. In The Bahamas almost three out of

every five jobs results either directly or indirectly from tourism related expenditures. The number of persons directly employed in the tourist industry, that is in our hotels and casinos, is relatively small, and is estimated to be between 15,000 to 16,000. The bulk of employment, however, a further 25,000 to 26,000 persons, results indirectly from the spending of visitors on taxis, restaurants, shopping, entertainment, and the like.

The Bahamas' work force is expanding at an estimated 3% per year and every year between 3,000 and 3,500 Bahamians enter the work force. In 1979 the work force stood at 89,000. Recent estimates indicate that it now stands at 108,000, some 21% higher than just six years ago. This rapid rate of growth in the number of people looking for work is projected to continue well into the foreseeable future due to the relatively high proportion of young people in our population.

It has been clearly demonstrated that employment results from tourist expenditures. In 1979 it was estimated that it took the combined expenditures of 30 stopover visitors to create one full time job. Therefore to create 2,000 additional jobs each year demands that we receive 60,000 more visitors over and above the total of the year before, and with every visitor spending at a level identical to that of the previous year. But the tourism sector was not able to create jobs at this pace. In 1980 the United States slipped into the worst economic recession since the second world war. Canada and Europe soon followed. Unemployment in those countries reached high levels; interest rates topped 20%, leading to tremendous declines in consumer spending and travelling for pleasure.

Tourist expenditures per visit have also fallen steadily in real terms since 1980. Visitors are staying for shorter periods of time and spending less while they are here. Whereas in 1979 it took the combined expenditures of 30 stopovers to create



one full time job, it is estimated that in 1985 it would take 35 stopover visitors to do so. This decline in per visit expenditures is projected to continue and unless strong and decisive action is taken it is likely that we will need 37 to 38 stopovers to achieve what it took just 30 stopovers to do no more than six years ago. That is a 25% increase in the number of stopover visitors to merely generate the level of expenditures achieved in 1979.

Higher levels of tourist expenditures will create the jobs required to meet the aspirations of our young people. If our existing 1.3 million stopover visitors had spent \$700 per visit instead of the estimated \$580 per visit they spent in 1984, an additional 7,500 jobs would have been created. It is therefore clear that the answer is clearly not just increased numbers but increased volumes of the right kind of visitors.

The Ministry of Tourism proposes to implement a two part strategy designed to stimulate higher levels of tourist expenditure. The first part of this strategy is to attract a higher quality visitor, a more upscale visitor, through innovative and aggressive marketing campaigns in existing and new market places. The second part is to improve our product to the extent that the higher quality visitors we seek to attract will feel comfortable with the product we offer, so much so that they will spend freely and will return again and again. But this consumer is one of the most sought after in the world; millions of dollars are spent by numerous advertisers to gain their custom. Only with a properly coordinated and adequately funded marketing plan can we even begin to hope to attract the higher quality visitor in the numbers we require.

#### **Government Corporations**

Mr Speaker, permit me to digress a little to make a few general comments on a subject which is of crucial importance to the economy of the country, that is: the role and contribution of Government Corporations. As Honourable Members

are no doubt aware, the Government has over the years set up and strengthened major Corporations in vital sectors of the economy like power generation, telecommunications, water supply, civil aviation and the hotel industry. The Government's investment in those Corporations exceeds \$220 million.

The House would appreciate the great contribution being made by the Public Corporations to the social and economic development of the country. However, at the same time, I have to admit that not all Corporations are doing equally well, and there remains a good deal of room for improvement in their performance. It will be the sincere endeavour of my Government to give all the support necessary to enable them to put their house in order. At the same time, keeping in view the massive investments made by the Government in these Corporations, it will be the expectation of my Government that it gets a return in aggregate of 10% on its investments in them. I fully realise the large variations in their respective profitabilities, Mr Speaker, but my Government expects that those Corporations which have a greater profit potential should contribute more to make up for others. An approximate of 10% return on aggregate investments is normal and in more than one way essential to enable the Government to plough back this surplus for the further growth and development of The Bahamas.

#### **Bahamasair**

In this regard, Mr Speaker, I should like to make special mention of Bahamasair.

Bahamasair, our National Airline, provides essential services on a comprehensive domestic route network which forms a vital communications link between our Family Islands. It is charged with the operation of international air services at least to maintain and where possible to increase our tourism traffic. It's very pre-

sence is a guarantee that our main tourist links will be maintained even if foreign carriers, for whatever reason, decided to withdraw services. It ensures that air fares are kept at reasonable levels from all the principal points from which we draw our visitors thereby keeping The Bahamas competitive with other tourist destinations. It is the sole resource to meet emergency air lift demands in the event of national disasters.

The results achieved by Bahamasair cannot, therefore, be viewed in purely financial terms but rather as a contribution to the overall economic and social development of The Bahamas. Nevertheless, the management of Bahamasair is charged with the efficient and effective operation of the airline to achieve a high standard of service to the travelling public in a cost effective manner.

As regards standards, I have been reassured that the airline is very conscious of the need to improve the quality of service to its customers though this was not always apparent. Accordingly, refurbishing of aircraft has already commenced whereby new seats are being installed to provide greater passenger comfort and interior decor is being changed to increase passenger appeal. Additionally, staff training programmes are being extended to upgrade the very deficient passenger handling services and to improve communications at airports and terminals; this should lead to improve on-time performance and operational efficiency.

As regards cost effectiveness it is clear that if Bahamasair is to stay alive cost effectiveness must be high on its agenda in 1986. In order to do this, Mr Speaker, it will be necessary for Bahamasair to make a major effort to restructure its overall operations and improve its financial performance and, in this regard, it will find many precedents in the recent history

of American and British regional and international carriers. In the initial stages of restructuring, it will be necessary for Bahamasair to effect savings in its overall expenditure. This will necessitate a close examination of the salaries being paid (with special emphasis on overtime) and other items of major expense. All the Departments of the airline will have to be made aware of the urgent requirement to meet the planned budget and to operate within reasonable financial limits. Mr Speaker, this will ensure that Bahamasair will avoid the pitfalls of the airline industry which, in recent years, has seen the demise of many established air carriers.

Through the new disciplines, and with a leaner apparatus, Bahamasair will be better equipped to meet the challenge which undoubtedly lies ahead and with the co-operation of all employees who are prepared to work I am satisfied that the airline can, within two years, be made into a profitable operation.

#### **The Ministry of Works and Utilities Bahamas Telecommunication Corporation and Water and Sewerage Corporation.**

Mr Speaker, my Government will continue to promote progress and economic advancement through its Infrastructural Development Programme in New Providence and the Family Islands.

The majority of funds appropriated for road works this year have been allocated to the Family Islands. Contracts totalling 3½ million dollars have been issued for roadworks in Abaco, Moores Island, Bimini, Grand Bahama, Long Island, San Salvador, Harbour Island and Eleuthera. In addition to these, there are other ongoing works in Acklins, Crooked Island, Exuma and Andros.

In New Providence more than 40 miles of roads have been repaved since October, 1984 and in 1986 the programme will continue and include the paving of unsatisfactory roads in both

major and minor sub-divisions. A revolving account has been established using part proceeds of the gasoline tax to place the hot mix plant on a commercial basis and to continue the road development Programme throughout 1986.

Mr Speaker, in the area of water production, I am pleased to report that there are projects for the improvement of water supply systems in the Family Islands including Eight Mile Rock, Moores Island, Love Hill, Bowen Sound, Deadman's Cay and North Eleuthera. Projects are programmed for Marsh Harbour, North Eleuthera, Savannah Sound, Waterford, Fresh Creek, Calabash Bay, Mangrove Cay, Ragged Island, Steventon, Black Point, Lowe Sound, Deadman's Cay, Spring Point, Colonel Hill, Congo Town, Cockburn Town, Mayaguana and Moores Island. We have witnessed a marked upsurge in requests for water system franchise agreements and this no doubt represents increased commitments by developers in the further development of The Bahamas.

In order to keep pace with the phenomenal rate of development on New Providence, the Water and Sewerage Corporation's plans for 1986 include reconstruction and expansion of wellfields at Carmichael Road, Windsor Field and North Andros and also improvement to the Malcolm Park Sewage Disposal System. Several projects which constitute this development programme have commenced in 1985 and include works at Village Road, Bowes Alley, Pyfroms Addition Phase 1, Milton Street, Apple Street, Hutchinson Street, Dumping Ground Corner, Kiki Street, Winder's Terrace, Finlayson Street and Petticoat Lane.

Mr Speaker, in the area of electricity, The Bahamas Electricity Corporation will, during 1986, continue the improvement of street lighting in New Providence and it has programmed for commencement or continuation in 1986 the provision of generation and/or distribution systems in Andros and Exuma.

The Bahamas Telecommunications Corporation commenced work on the Exuma Cays Microwave System in 1985 which will provide digital microwave stations and automatic telephone exchanges in Staniel Cay, Little Farmer's Cay, Black Point, Barratarre, Rolleville and Farmer's Hill to facilitate DDD telephone services. It is scheduled for completion in the first half of 1986. Batelco is also negotiating for the purchase of the Grand Bahama Telephone Company which now operates in the Freeport area. This acquisition would place all telecommunications in the country under the control of Batelco.

In 1986, Batelco plans to undertake the construction of an Intelsat Standard "A" Earth Station at the Soldier Road Radio Compound, the construction of a digital telephone exchange in the Golden Gates Area to serve subscribers in the southern area of New Providence and provide a cellular mobile radio telephone system to cover the Northern Bahamas to facilitate DDD telephone service to boats, vehicles and scattered islands and cays.

It is also expected, Mr Speaker, that Batelco will commence in 1986 construction of automatic telephone systems for Spanish Wells, Green Castle, Hatchet Bay, Savannah Sound, Blanket Sound, Stanyard Creek, Stafford Creek, Bowen Sound, Bullocks Harbour, Sandy Point, Cherokee Sound, Rolle Town, Williams Town, Simms, Dedman's Cay, Lower Bogue, Tarpum Bay, Green Turtle Cay, Man-O-War Cay and Moores Island.

#### **Bahamas Development Bank**

Mr Speaker, The Bahamas Development Bank has continued to play an active role in furthering the development of the agricultural, fishing, tourism, manufacturing, land and sea transportation and small business sectors of the economy in New Providence and the Family Islands. Since inception, the Bank has

approved loans totalling over \$16 million. The Bank has been instructed to accelerate the rate of funding for the Family Island Projects in order to assist in the further development of those areas. Focus would continue to be directed at the small fishermen, especially those in the Family Islands, and the Bank, in conjunction with the Ministry of Agriculture and Fisheries, will intensify its efforts to promote the small vessel fisheries programme. Under this programme, Bahamian fishermen are able to obtain loans of up to \$10,000 for engines, vessels, gear and equipment. Interest is fixed at 7½% and the borrower is only required to make a ten percent contribution. Mr Speaker, our continued commitment to the development of the Family Islands in terms of both infrastructure facilities and capital funding should now be clear to even the most near-sighted among us.

It is appreciated that the Bank could do more for the Bahamian entrepreneur. New areas will be explored in 1986 as to how the Bank can play a more meaningful role in Bahamian business development.

#### **Hotel Corporation Of The Bahamas**

Mr Speaker, 11 years ago in 1974 my Government took steps to create the Hotel Corporation of The Bahamas, its statutory objectives being to make public ownership in the tourist and resort industry an important element in the economic development of The Bahamas. The people of The Bahamas thereby became direct beneficiaries of major components of the nation's principal industry and its proven engine of economic growth. My Government has committed to the Corporation \$150 million for its development programme which enabled the building of the Cable Beach Hotel and Casino now recognised as one of the premier resort facilities in the entire region. The Corporation's development programme, also included the purchase of what is

now the Wyndham Ambassador Beach Hotel and the Royal Bahamian Hotel which are about to undergo further refurbishments to the extent of \$3 million and \$1.5 million respectively. Both Hotels are under lease to Wyndham Hotels and the Cable Beach Hotel is managed by Wyndham.

In accordance with my Government's policy to encourage and promote private investment as a parallel companion in the development of the resort industry, the Hotel Corporation has agreed to lease to Carnival Leisure Industries Limited the site of the 162-room Emerald Beach Hotel which is to be demolished and replaced by an ultra modern 759-room hotel at an estimated cost of \$85 million to \$100 million.

Another facility which formed a part of the early development programme of the Corporation was the purchase and major renovation of the Lucayan Beach Hotel and the construction of the new 20,000 square foot Monte Carlo Casino together with the Lucayan Bay Hotel, the Lucayan Harbour Inn and Lucayan Marina. The Hotel Corporation has signed an Agreement with Genting Berhad, a Malaysian Corporation for the sale of a 50% interest in the entire Lucayan complex for \$15 million which is scheduled for reopening in February of next year.

The Corporation is pursuing further resort development in New Providence having entered into Agreements with potential developers to provide developing proposals for Balmoral Island, a 7-acre site adjoining the Wyndham Ambassador Beach Hotel, and the 86-acre site opposite the Cable Beach Hotel.

Having concentrated its development programme for the first 11 years in New Providence and Grand Bahama, our two major resort areas and centres

of population, the Corporation has taken new resort development initiatives in other Family Islands.

At Andros, Exuma and Eleuthera, The Corporation is planning new resort developments which ought to appeal to the higher income group tourist markets which is attracted by out of the way places of privacy and quiet relaxation. At George Town an engineering study is being prepared for the development of a small hotel and marina complex; at Andros Town the Corporation has entered into an agreement to purchase the properties formerly owned by the late Axel Wenner-Gren and proposes to renovate the Marina Yacht Club and Lighthouse Club Hotel; at Eleuthera the Corporation has also entered into an agreement to purchase 2,500 acres of undeveloped land at Half Sound near Rock Sound for which development plans will be prepared in 1986 together with the Winding Bay Beach Resort and 972 acres of land and thousands of feet of beach.

The substantial additional investment being made by Resorts International at Paradise Island where that company's subsidiary manages the Corporation's Paradise Island Casino is as a result of an agreement for the expansion of the Resorts Paradise Island Casino by 10,000 square feet, the addition of further shopping and entertainment facilities plus an additional 250 rooms.

Mr Speaker, I am pleased to be able to report that from revenue generated principally from casino gross wins the Corporation has been able to contribute \$10 million in 1985 to the Consolidated Fund and expects to make a similar payment in 1986.

[Text]

**ON MONDAY** Prime Minister Pindling, who is also Finance Minister, presented the Budget Communication. The House was then adjourned to Wednesday, December 4th, when the Communication will be debated.

Following is the second and final part of the Budget Communication. The first 20 pages were published in last night's Tribune. The Communication is a 44-page document.

#### **Industrial Sector**

Mr Speaker, the industrial sector has a very good growth potential. However, considering the safe, politically stable, and tax haven status of The Bahamas, this potential has not yet been sufficiently exploited. My Government, therefore will do its utmost to accelerate this process.

The Ministry of Economic Affairs is re-examining our incentive legislation to provide for a single-shot concessionary formula to transfer projects from the drawing board to the field. The Ministry is also examining further how best to assist Bahamian producers in taking full advantage of the duty-free entry into the US markets of their products under title "A" of the Caribbean Basin Economic Recovery Act, commonly referred to as C.B.I. and the benefits available consequent upon our signing of an Export Development Cooperation Agreement with Canada and an Overseas Private Investment Cooperation Agreement with the United States. My Government has already agreed to provide additional safeguards to investors from these countries against risk and expropriation and the Ministry will render all assistance to the prospective investors from these countries to take advantage of the new opportunity.

The oil exploration programme continues with the recent approval granted to AMOCO Bahamas Petroleum Corporation Limited for a 5000 square mile area of exploration. A joint application by Esso/Chevron is also under active review. My government has also signed a third licence agreement and renewed two existing licences for Tenneco Oil. The renewal commits Tenneco Oil to an exploratory drilling programme before the end of the year.

#### **Agriculture**

Mr Speaker, the development of the relatively large agro-industrial potential of The Bahamas continues to be one of the main planks of our economic diversification policies. However, despite substantial increases in the production of winter fruits and vegetables, our food import bill continues to increase at an alarming rate. The development of a local food industry would not only ensure national food security but would, in the process, generate direct employment amounting to thousands of new jobs. This will, however, require the establishment of an agro-industrial infrastructure calling for massive capital investment.

My Government, recognizing that it alone cannot possibly provide the huge amounts of capital needed, has intensified its effort to attract local and foreign investors to this important area of economic development. Such efforts, which have now begun to have positive results, will continue in 1986 and, where possible, new concessions and investment benefits will be considered to further encourage such investments. In the meantime, my Government will continue to expand its research, extension, credit and general farmer and allied services to enhance, stimulate and monitor agro-development projects.

The food technology complex, a pilot feed mill and a plant for the processing of poultry offal have all been completed and during 1986 a plant propagation unit and a small factory for the extraction of cascarilla oil will be completed. Recent insects and disease problems in Florida, which have necessitated a temporary ban on imports of citrus fruit and plants from there, make the development of a plant propagation unit timely. It is envisaged that this unit will produce and sell all types of tropical fruit plants and certain ornamentals to farmers and growers at reasonable prices. This will complement the already successful government programme of providing all types of livestock to farmers at subsidized prices.

The pilot feed mill and the poultry offal plant are key infrastructural developments in our animal feeds programme, Mr Speaker. These units will be able to process all the feed grains and legumes our farmers can produce and will therefore provide an opportunity for our farmers to practice more crop diversification. The increased production of crops like corn, sorghum, peanuts, soya beans, sunflower and cassava will lessen our apparent over-dependence on the production of certain perishable crops and this will result in considerable improvements in the marketing problems now experienced from the seasonal over-production of these crops.

The pilot fishing studies forecasted in my 1985 budget communication are now being finalised and are underway. These studies will assess the feasibility of commercial fishing for deepwater snappers, offshore pelagic fish and stone crabs. The results of these studies will be evaluated by mid-1986 and, based on the findings, consideration will be given to expanding these operations beyond the pilot scale.

### Maritime Affairs and Aviation

Mr Speaker, my Government will continue to promote The Bahamas to become one of the world's largest and most reputable ship registration centres. Stable government, excellent communications, good banking facilities, competent legal services and conformity with recognized international standards of safety have all helped to achieve this end. It is my government's policy not to sacrifice quality for quantity nor to allow the fleet to expand beyond the supervisory capacity of the Department of Maritime Affairs.

Despite initial relatively slow growth of the Bahamas' flag fleet, there was marked increase in registration after the amendment of the Merchant Shipping Act in 1982 and the establishment of Ship Registration Offices in London and New York. The number of registered gross tons have increased from 58,000 gross tons in 1976 to over 5,000,000 gross tons to date and the number of ships registered during that same period have increased from 60 to 343.

Due to the continued increase in cruise ship activity for Nassau, a study is being undertaken of the best means of expanding the Nassau Harbour and Prince George docking facilities to accommodate the additional traffic and very large cruise ships. With the anticipated extension of cruise shipping to the Family Islands a study is also underway for the improvement of docks and harbours in Andros, Abaco, Eleuthera, and Exuma to enable them to accommodate cruise ships and yachts.

My government will also continue to keep under review, the state of docks and jettys in the Family Islands and the necessary upgrading of such facilities will be undertaken during 1986.

Mr Speaker, Honourable Members are aware that at Nassau International Airport, we have arrived at a point where, during the peak hours of the day, the passenger handling facilities are at saturation point. A decision was therefore taken to expand and redevelop the airport terminal facilities to meet the projected needs of the country through the year 2,000.

Phase one of the terminal building expansion involves the expansion of The Bahamas' Customs and Immigration sections and the provision of an arrivals hall which would enable persons awaiting arriving passengers to be under cover in an airconditioned lounge with concession stands and other travel related amenities. This phase which is nearing completion is to be followed in 1986 by the construction of a new US Flights Terminal and Upper Level Boarding Finger. This new terminal will provide US Customs, Immigration and Health facilities, airline ticket counters, office space, airlines first class passenger lounges, a precleared lounge, restaurant, bar and other amenities.

During 1986, the airport firemen quarters and crash vehicle facilities and the aviation fuel farm will be relocated to a more suitable site in order to make the existing site available for the second phase of the terminal building extension. The aviation fuel farms will also have to be relocated. It is also proposed to upgrade and replace runway and taxiway lighting cable fixtures during 1986.

My Government, conscious of the need for continued upgrading and development of Family Island Airports, will continue to systematically develop such facilities during 1986. Work will soon commence on a new terminal building at Marsh Harbour Airport and later in 1986 construction of a new Exuma Airport facility will begin. Other existing facilities in several islands will be upgraded.

### Health

Mr Speaker, being ever cognizant of our overall health care needs, my Government continues to be committed to the task and goal of providing adequate and acceptable health services throughout the Commonwealth of The Bahamas.

In 1986 there will be an expansion and improvement of services to the community with special emphasis for the Family Islands. By this process, my

Government seeks to achieve a level of health for all Bahamians that will permit them to lead a socially and economically productive life throughout 1986 and beyond. Special attention will also be given to those groups in our communities who are considered at risk, in particular, services for mothers, children and young persons, the elderly and disadvantaged.

Honourable Members are well aware that the Princess Margaret Hospital, Sandilands Rehabilitation Centre and the Rand Memorial Hospital are the three major health care facilities in The Bahamas that expansion of the services of these institutions, along with the improvements for community-oriented care, will ensure that a suitable referral network is established for adequate secondary and tertiary care. To this end, funds have been provided in the 1986 Budget to commence the implementation of the master plan development of the acute care institutions. The firm of Watkins, Gray, Woodgate International (UK) Hospital Planners and Architects have been retained by the Ministry of Works & Utilities to prepare designs, specifications and other related consulting work in connection with the expansion and redevelopment of both the Princess Margaret Hospital and the Rand Memorial Hospital. In the meantime, the roof on the Princess Margaret Hospital will be replaced.

### Environment

Mr Speaker, as you are aware, a healthy environment contributes to a healthy citizenry. My Government is therefore committed to keeping a clean, healthy and beautiful environment and will do so through community participation.

In 1985 considerable funds in this regard were expended by my Government and there have been some noticeable improvements. I am providing the same level of funding in 1986 to permit the expansion of these improvements to the whole of New Providence.



A Bill to promote the conservation and maintenance of the environment will be introduced soon for the consideration of Honourable Members and it is hoped that it will have an impact upon the disposal of domestic, commercial and industrial waste.

The recently completed Drug Unit at Sandilands Rehabilitation Centre is now fully operational. During 1986 greater emphasis will be placed on long-term rehabilitation programmes as well as expansion of treatment services to our Family Islands, thereby continuing the work begun in 1985 by the Sandilands Rehabilitation Team, the National Drug Council and the other civic organizations.

Studies at the Sandilands Rehabilitation Centre in the past year have highlighted the need for the development of comprehensive mental health services which will meet the needs of our community in general but particularly the young. For this reason, during 1986 consideration will be given to the development of construction plans for that institution to provide and upgrade facilities which will serve as a comprehensive treatment, training and resource centre for psychiatric care thus facilitating the expansion of outreach services to the community.

#### **Youth, Sports and Community Affairs**

Mr Spaker, the future of a country lies in proper development of its youth. Towards this end, the choice of 1985 as International Youth Year was significant as it served to mobilize efforts at the local, national, regional and international levels to meet the needs and aspirations of young people.

In pursuance of our national youth development efforts, special emphasis will be placed in 1986 on a youth employment project. This project is being implemented as a result of prolonged requests and study since 1981 conducted jointly by the Government and the Orga-

nization of American States.

The project emphasizes.

- (1) Apprenticeship and training;
- (2) Labour market information;
- (3) Entrepreneurship for young men and women; and
- (4) Youth Employment service.

My Government is also fully committed to the ongoing and systematic development of sports in the 1980's and wishes to assure the sporting community of our continued support and assistance towards the national development of sports and recreation.

In 1986, emphasis will be placed on promoting local sports administration seminars as well as assisting local sports personnel to participate in international seminars. In the technical and specialized areas of sports management, coaches, officials, trainers and other related personnel throughout the length and breadth of The Bahamas will be encouraged to pool their resources and expertise to instill and foster scientific principles and techniques. The skills of our proven sports experts will be utilized to train Bahamians interested in the advancement of sports. When necessary, international sports experts will be imported to assist in the development of worthwhile and meaningful programmes. Through such exposure my Government will assure that athletes in New Providence and the Family Islands would have equal opportunity of coaching and management in the quest for national and international supremacy in sports.

Mr Speaker, in the 1986 budget I have made provision for the rehabilitation of the swimming pools at South Beach and for improvements to the softball stadium.

In recent years, Mr Speaker, a litany of social problems have gnawed at the fabric of the Bahamian society. We have been beset by an alarming rate of drug abuse; teenage pregnancy has become commonplace; sub-cultural groups have taken root; the crime rate continues to disarm the society. Very little is sacred anymore.

Almost always, these conditions are manifested among our youthful population — those who are poised, by the very rules of nature, to succeed us as tomorrow's leaders. The social maladies that plague The Bahamas are in my judgment, symptoms of a wider, larger problem which is the problem of alienation, estrangement, frustration and non-acceptance of traditional norms and mores on the part of many of our young people. Indeed the alienation, frustration and societal rejection displayed by the young Bahamian are mere symptoms of another problem, namely, the growing ineffectiveness of society's traditional institutions.

From time immemorial, the family has been the key social institution. Traditionally, the school, the church and the political and economic systems revolved around the family as it was the primary agent for instilling positive social values and ideal self-concepts among the young. Today, social values have become warped and there is a disquieting identity crisis.

If we are going to effectively fight against the social decay and moral disfigurement that have stretched their tentacles throughout this country, then we must go straight to the source. Just as a physician does not treat a "runny" nose — which is a symptom — by giving the patient a piece of kleenex, we cannot treat our social ills by merely addressing the symptoms, most of which emanate from one problem source, the growing ineffectiveness of the family.

Perhaps now is an appropriate time for us to pause and examine the nature and role of the new Bahamian Family. We may want to assess the changing patterns that may have emerged over the last decade in the three traditional functions of the family, namely: reproduction of new members, child care, and the socialization of children to the values, traditions and norms of the society.

It is upon families that nations are built. Weak families will produce weak children; weak children will perpetuate a weak society. Conversely, strong family units will normally produce strong children who will, in turn, perpetuate a strong, purposive, uplifting society.

In light of the foregoing, I am pleased to announce that my Government has agreed to appoint a special Task Force on Family Life to conduct an in-depth, scientific analysis of the major causes and consequences of the apparent demise of parental authority and the attendant relationship between the quality of family life and the extent of social and/or behavioural problems in our society.

Specifically, the Task Force is expected to examine, among other matters:

- (a) the scope and impact of single-parent families in The Bahamas.
- (b) the scope and impact of teenage-headed families in The Bahamas.
- (c) the scope and impact of parentless families in The Bahamas.
- (d) the extent to which parents influence children's leisure time activities.
- (e) the extent to which parents participate in children's goal-setting and goal-attainment activities.
- (f) the primary methods by which social norms are transmitted to children: by parents, peers or teachers
- (g) The nature and patterns of parental rewards and punishment for children.
- (h) The relationship, if any, of social class and upward mobility on family stability and social cohesion.
- (i) The relationship between patterns and frequency of church attendance and family stability.

### Housing

Mr Speaker, in keeping with its commitment to continue to improve the housing standards, particularly of low-income persons, in New Providence and the Family Islands provisions have been made for the development of infrastructure in Nassau Village in New Providence as well as in Eight Mile Rock, Grand Bahama, Marsh Harbour and Spring City, Abaco and at North Andros.

Steps will be taken in 1986 to complete the development of the Elizabeth Estates East Subdivision and a start will be made in developing the Nassau Village and Elizabeth West Subdivisions. Attention will also be devoted to the provision of recreational facilities in Yellow Elder Gardens, Elizabeth Estates East, Nassau Village and East Coral Estates, Grand Bahama by the construction of parks and playing facilities. Land will continue to be acquired for low cost housing both in New Providence and the Family Islands.

My Government will also continue to stimulate home ownership through its incentive grant programme and assist low-income home owners through the programme of funding rehabilitation repairs in depressed areas of New Providence and the Family Islands.

The present programme of improving and providing facilities such as firewells, stormwater drains, drainage wells and sidewalks in low-new learning, cultural and recreational centre right in the heart of Grants Town the preservation of the cultural continuity of the entire Grants Town Community ought to be assured. Provision is being made in the Ministry of Education's budget to complete the planning of this facility.

### Redevelopment of Grants Town

Such a new educational facility at the top of Grants Town Hill will be just one of the features of a new plan for the re-development of Grants Town from Nassau Street to Collins Wall and from Robinson Road to the Hill.

My Government's plan is still to transform this depressed, decaying area into a thriving community but it now proposes to do so in a more homogeneous manner and at a more upscale level. Over a period of time commencing in 1986 the area will be transformed into a thriving community with sidewalks, decent parks and playgrounds, good and safe residential communities and an upbeat commercial sector. In order to attract new private capital into Grants Town, the concept that consideration is being given to will involve the following basic elements:-

- (1) Designate the area an Economic Enterprise Zone with special incentives. The designated area would be the same as in the original Grants Town Improvement Area except that the southern boundary would be moved back to the northern side of Robinson Road.
- (2) Develop Wulff Road between East Street and Blue Hill Road as a new Bay Street-like shopping area specialising in duty-free shops.
- (3) In selected areas between East Street and Market Street develop Central Park or Hyde Park like green belts. Having done or while doing so invite private developers to build for resale apartment and townhouse complexes and single family houses around the green parks and entrepreneurs to locate business enterprises in the zone.
- (4) Construct new primary school classrooms and secondary schools in the area.
- (5) Locate all magistrates courts in the area leaving Parliament Square for the Supreme Court and Court of Appeal.
- (6) Select additional sites in the areas for the location of district branches of the Post Office, National Insurance Board and other Government and Public service.

To begin to bring this about, Mr Speaker, I have allocated some \$5 million in the 1986 budget.

#### **The 1986 Budget**

Mr Spaker, I mentioned earlier that my Government is acutely aware of and sensitive to the principles of economic efficiency in the expenditure of public funds. More importantly, my Government is determined not only to pursue fiscally prudent policies but we will also insist in 1986 that the policy managers in the Public Service adhere strenuously to that commitment. It is within that context that my Government's plans for 1986 were developed and it is with that emphasis that those plans will be carried out over the next year.

Total revenue receipts for 1986 are estimated to be in the region of \$458 million or 6% above estimated level for 1985. As usual, the dominant revenue item is the proceeds from customs duties which account for 55% of the total revenue of \$252 million. The non-tax revenue estimates for 1986 amount to \$88.7 million or 19.4% of total revenue.

The realization of these Estimates of Revenue for 1986 will depend, in a large measure, on the extent to which we are able to tighten up the procedures for collections, minimize the degree of leakages and move vigorously to bring arrears owed to the Government to account. In this connection, public servants who are responsible for revenue collections and the general public who are delinquent in the payment of lawful taxes, are hereby placed on notice that playing the fool with Government Revenue in 1986 will not be tolerated.

Mr Speaker, in keeping with my Government's tradition of bringing to Parliament a balanced Budget on the recurrent account, the Estimated Recurrent Expenditure for 1986 is \$458 million or approximately the same amount as the estimated revenue for 1986. 49.8% or \$228 million of the

total Recurrent Expenditure is allocated for Personal Emoluments in 1986. That figure represents payment of salaries and other benefits to public officers who are therefore expected to perform efficiently and effectively to justify that commanding share of public sector resources.

In terms of allocation to the various Ministries and Departments, Mr Speaker, the following is an overview of the 1986 appropriations:

**Ministry of Education** (including the College of The Bahamas) — \$88.6m or 19.3%

**Ministry of Health** (including the Rand Hospital and Environmental Health) — \$65.6m or 14.3%

**Police Department** — \$34m or 7.4%

**Ministry of Tourism** — \$28.1m or 6.1%

**Ministry of Works** — \$13.1m or 2.8%.

Mr Speaker, the Public Debt (which includes principal and interest repayments on loans, government stock and treasury bills) is estimated at \$109.2 million or 23.8% of the total Recurrent Expenditure Budget of 23.7% of total estimated Revenue. That proportion is regarded as very manageable in that it implies that out of every dollar of Government revenue only 23¢ is applied for debt servicing.

#### **Revenue Measures — 1986**

Mr Speaker, for fiscal 1986 I propose only minor upward adjustments in some taxes. I shall be introducing a five cent on the gallon increase on the gasoline tax but the price at the pumps is not expected to increase appreciably as the price of crude oil at the well-head is steadily coming down. I am also introducing a small increase in customs duties on alcoholic beverages and cigarettes, items which were not affected by the 2½% across-the-board increase in customs duties approved by the Honourable House last year.

Apart from that Mr Speaker, I do not propose to introduce any new taxes or any major increases on existing taxes in 1986. I am of the opinion that the current level of taxes could support public expenditure if and only if all taxes owed to the Government are accurately assessed, promptly paid and brought to account in a timely fashion. In this connection therefore, it is our intention in 1986, to place a heavy emphasis on collections.

Mr Speaker, in my last year's budget speech I had mentioned that collection of a number of lawful taxes and fees which had been sanctioned by this Honourable Parliament had been somewhat tardy because of the lack of follow-up procedures by those responsible for collections and that this laissez-faire attitude towards Government's revenue will not be tolerated in the future. I am now happy to be able to inform the Honourable House that the Ministry of Finance got an internal study undertaken of the operations of the Customs Department which is the major revenue earner for the Government. This study has highlighted the major areas of weaknesses and action has already been taken to remedy some while steps are under way to rectify others. And this action has already started yielding results. On the present trends, the revenue from general import duties in 1985 may be as much as \$34 million more than last year, which even after making allowance for tariff



adjustments, will be the maximum incremental growth in one year. My government proposes to undertake a similar study of all the major sources of revenue for the Government, and since this is not possible for the Ministry to do, single-handedly and within a short period, my Government has decided to set up a special task force.

The task force would be made up of senior officers from the Ministry of Finance, Treasury and the Auditor-General's Department assisted by a fiscal adviser from the International Monetary Fund and other Permanent Secretaries from time to time.

The Task Force would be responsible for investigating the collection procedures of all revenue items with a view to making recommendations for improvements in the systems to maximize returns and minimize leakages. Additionally, the Task Force is expected to make recommendations regarding the collection of arrears including taking legal action wherever necessary particularly with respect to real property tax, stamp and tourism taxes, customs duties and business licence fees. It is expected that these measures would help considerably in augmenting Government revenues to meet the growing needs of governmental expenditures.

Mr Speaker, so far as public finances are concerned, revenue and expenditures are the obverse and reverse of the same coin. You increase revenue and you increase the ability of the Government to spend more. Likewise you save on wasteful, repetitive and unproductive expenditures and you have more to spend on essential, productive sectors without adding any burden on the public exchequer. Therefore Mr Speaker, my Government proposes to adopt the twin-strategy of maximizing revenues and saving on wasteful, avoidable expenditures in order to ensure a better financial management for the Government and put the public finances on a more sound footing.

#### Capital Development — 1986

Mr Speaker, the total Capital Development Budget for 1986 is \$71.3 million or 9% larger than the 1985 Budget of \$65 million.

The Government's Capital Development Budget is essentially a portfolio of public investments in both social and economic infrastructure in which the rates of return of some projects like new schools, for example, are difficult to quantify. Similarly, the rates of returns on new roads, water and electricity supplies are appropriated by the entire community and not just the Government. These projects are, by and large, the types of investments which are seldom undertaken by the private sector but are nevertheless essential to the smooth functioning of any society.

In 1986, \$15 million has been allocated to the Ministry of Works and Utilities to continue the construction of roads in New Providence and the Family Islands, the erection of Government buildings and the extension of electricity and water systems in the Family Islands, among other things. The Department of Aviation has been allocated \$10 million for the continuation of developments at Nassau International Airport and the construction of terminals and runways in the Family Islands. The Ministry of Education has been allocated \$12 million to construct new schools and to expand and repair existing ones. For the further development of hospital and clinics, the Ministry of Health has been allocated \$4 million.

Mr Speaker, the Government is obliged to continue its assistance to quasi-government corporations, acquire fixed assets for all Ministries and Departments and carry out its development commitment in the Grants Town area. In this connection therefore, \$16.5 million has been allocated to the Sundry Capital Expenditure and the Ministry of Finance. Details of these and other projects are outlined in the Budget Estimates which I am having distributed to Honourable Members.

Since it is my intention to

fund these capital projects in the traditional manner, I have prepared the necessary resolution seeking Parliament's authorization to obtain capital funding by means of a stock issue and I trust Honourable Members would act swiftly to approve the issue so that my Government may expeditiously proceed to implement, on behalf of the Bahamian people, its capital programmes for 1986. I believe the programmes identified can be accomplished in 1986, Mr Speaker, because the bottlenecks in the capital funding programme which I alluded to in my last Budget Communication to this Honourable House have been reduced considerably over the last year and progress in this direction is expected to continue in 1986.

#### Conclusion

Mr Speaker, in concluding I should like to remind Honourable Members and the Bahamian public that our country continues to be regarded in the highest terms by the international community for the efficiency with which we conduct the fiscal and other public affairs of this nation. We have demonstrated, year after year, that we are capable of not only developing from within through using our own resources but also we are capable of attracting legitimate, permanent foreign investment as evidenced by the growth of the tourism, banking, insurance, industrial and agricultural sectors.

Mr Speaker, it is against this background that the 1986 Budget was formulated to demonstrate clearly to Bahamians and to the world that the way ahead for The Bahamas is Forward, Upward and Onward Together with more progressive strides in the arena of social and economic development.

BAHAMAS

OPPOSITION LEADER CRITICIZES MAJOR FEATURES OF BUDGET

Nassau THE TRIBUNE in English 5 Dec 85 p 1

[Article by Anthony Forbes]

[Text]

**OFFICIAL Opposition Leader Kendal Isaacs warned parliament last night that it cannot continue borrowing for capital works or it will borrow the country into bankruptcy.**

The Free National Movement leader said the full \$71 million earmarked for capital works in 1986 will have to be borrowed.

He also pointed out that personal emoluments and debt servicing will account for 83.8 per cent of the \$458 estimated recurrent expenditure for 1986, leaving 16.2 per cent of the revenue to run other areas of Government.

The Delaporte MP, who continued his debate this morning, also took issue with a statement in the budget communication by Prime Minister Pindling, who is also Minister of Finance, that the 1986 budget is a balanced one, declaring that the budget is not balanced even as far as recurrent expenditure is concerned.

Mr Isaacs was the third speaker to debate the \$529 million, 1986 budget in the House. One hour of his speech will be broadcast by ZNS radio at 7:30 tonight. Mr Isaacs told House of Assembly members that the television time given the Prime Minister in his budget communication last Monday, while allowing the opposition only radio time, was "rank discrimination."

Mr Isaacs, who led the opposition in a walk-out from the Chamber as the Prime Minister read the budget communication in protest, said that it demonstrated that Government is not prepared to be fair with anyone who is not of their persuasion.

He said his theme during his contribution to the debate will be "too little too late, or promises, promises."

Dealing with capital works estimates, Mr Isaacs said the estimates must have the effect of frustrating the people of the Bahamas who really depend on such works performed by Government.

He said each year there are reports of sums allocated but only of some of the money being spent for capital works.

Providing statistics, the Opposition Leader noted that \$65.7 million was allocated for capital works in 1981 with an expenditure of only \$37.9 million, leaving a "short fall" of \$27.8 million.

In 1982, he said, some \$65.6 million was budgeted for capital works while only \$37.3 million was spent, producing another shortfall of \$28.3 million.

In 1983, \$57.2 million was allocated for capital works, \$37.3 million was spent with a shortfall of \$23 million, Mr Isaacs said.

He said that in 1984, \$39 million was budgeted for capital works, but only \$17 million was spent, again with a shortfall of \$22 million.

In 1985, he said, \$65 million has been allocated with an expenditure expected of some \$50 million, leaving a shortfall of \$15 million.

"We must have a roller coaster of frustrated people if we believe these estimates," Mr Isaacs said, adding that there has been a total shortfall of \$115.8 million from capital works allocations between 1981 and 1985.

Mr Isaacs hoped Government would say how the remainder of the monies from capital works allocations were spent or what they were used for.

According to Mr Isaacs, it makes the opposition "wonder whether we can have any confidence in the accuracy of this budget."

He said it was estimated in the 1985 budget that \$421 million would be collected in revenue, but declared that the estimate "belongs in the realm of fairy tales."

Mr Isaacs said that looking at the Central Bank reports in the first half of 1985, it is shown that for the first quarter, \$76.5 million was collected in revenue while in the second quarter, \$92.6 million was collected.

He said that those figures are added together and multiplied by two, a figure of \$338.2 million would be arrived at, which when subtracted from the \$421 projected revenue estimate

for 1985, would leave \$82.8 million.

In other words, Mr Isaacs said, the Government would have to collect \$82.2 million more in the second half of 1985 than the first half to meet the estimated \$421 million in revenue this year.

Branding the revenue estimates for this year as "completely unrealistic," Mr Isaacs said: "If that figure is unrealistic, then the figure for 1986 is correspondingly unrealistic. There is no way that the 1986 estimates can be realized."

He said that if \$458 million is going to be spent in 1986, then there will be a large short fall in revenue to meet that deficit," he said.

He said that what is significant in the 1985 budget communication is a statement that over 60 per cent of the entire budget is for personal emoluments.

But he said the figure for 1986 has suddenly been reduced to 49 per cent for personal emoluments.

Mr Isaacs then questioned whether there will be a reduced civil service because of the reduction in personal emoluments to be paid in 1986.

He also said that the figures for the payment of personal emoluments and debt servicing, when added together, will account for 83.8 per cent of the total revenue, leaving some 16.2 per cent of the revenue to take care of running Government in all other areas in 1986.

He said that again one need not wonder why there are always shortages in various Government departments and charged that there is bound to be a deficit.

He said that year after year the Minister of Finance tells the House that he is presenting a balanced budget, "but year after year, if the figures are accurate, there has to be a borrowing of the full amount for capital works."

Noting that there is no money left over for capital works, Mr Isaacs warned that "we cannot go on year after year borrowing for capital works or we will borrow ourselves into bankruptcy."

BAHAMAS

PINDLING OUTLINES PROGRAM TO BOOST DEVELOPMENT, JOBS

Nassau THE TRIBUNE in English 4 Dec 85 pp 1, 4

[Article by Anthony Forbes]

[Text]

PRIME Minister Sir Lynden Pindling said today that future economic growth will depend largely on commercial and industrial development and that millions will be spent to improve berthing and docking facilities in the Bahamas in the coming years.

Commenting on the Grants Town project as he opened debate on Government's \$529 million, 1986 budget, the Prime Minister said the work involved is going to create new construction, new jobs and new business opportunities for Bahamians.

He said that work refurbishing downtown will continue in 1986, including the upgrading of Nassau harbour and the water front.

Noting that new incentives would have to be created to make investments meaningful, the Prime Minister and Minister of Finance said that it would seem that there is a greater chance of succeeding in this context than at any other time in the country's history.

He said it will also come at a

psychological time when the country's sons and daughters are ready for the challenge.

"That is why we have confidence in this concept that we have proposed," he said, adding that details and plans are still evolving.

The Prime Minister said that last December the House approved the raising by Government of \$65 million for capital development in two stock issues in February and June, 1985, at \$35 million and \$30 million respectively.

He said that the Treasury has authorised \$52.6 million for capital payments so far.

He said that out of the funds on hand will be paid claims on capital works still in progress and capital goods ordered earlier but delivered late in 1985.

On the off-shore insurance industry, the Prime Minister said that in the mid-1960s, there were 200 captive insurance companies operating in the Bahamas but the figure declined after legislation relating to their operations was passed in 1969.

He said new legislation has been passed - the External Insurance Act - to develop the captive insurance industry in the Bahamas again.

He said Government had been searching for someone to launch the industry which will provide jobs and improve the foreign exchange earnings, among other things.

He said that Mr John Darville, 53, a former senior underwriter in London who has also worked in Bermuda and the Cayman Islands, has been appointed as insurance adviser to Government to supervise both the domestic and external insurance industries.

According to the Prime Minister, he can see rapid development in this field similar to the one seen after legislation was passed dealing with ship registration several years ago.

He further noted that one of Tennoco Oil Company's rigs will enter Bahamian waters tomorrow to begin drilling for oil over the weekend.

He said the projected plans of the Hotel Corporation, which is playing a major role in the economic development of the Bahamas, will also have an impact on the country in 1986 and 1987.

He said the Cable Beach Hotel, which Opposition Leader

Kendal Isaacs had called a "white elephant", has gained world-wide renown and is a pace-setter in the hotel industry in the region.

Responding to a remark by Carmichael MP Frank Watson relating to the financial position of the hotel, the Prime Minister, who once served as Chairman of the Hotel Corporation, said that the Cable Beach Hotel has made a profit from the first year of operation.

He assured members that they will have an opportunity to see the figures when the report on the hotel is tabled in parliament.

The Prime Minister also said that the Lucayan Beach Hotel in Freeport, Grand Bahama, will be every bit as successful as the Cable Beach Hotel, and that its opening and operation will bring an additional 50,000 tourists to Lucaya each year.

He said that having concentrated its programme in Nassau and Freeport over the last 11 years, the Hotel Corporation is moving to develop resort facilities in the Family Islands beginning with Andros, Eleuthera and Exuma.

He said that these new resort facilities will appeal to higher income tourists.

Noting that it would be interesting to see the Official Opposition's approach to the resort development of the Family Islands, the Prime Minister said that between 7,500 and 8,000 acres of land has been bought by Government at Andros Town for \$1 million and not \$5 million as an aspiring FNM candidate for Marsh Harbour, Abaco, has said.

He said Government has been considering the purchase of the land since 1979 and the Hotel Corporation believes that what it proposes to do with the property could succeed now.

The Prime Minister said that the AUTECH agreement has been resigned and extended for another 15 years and pointed out that housing for AUTECH personnel at Fresh Creek, Andros, has always been a problem.

He said there is a real need for housing by US personnel serving at AUTECH Base at Fresh Creek and that it is up to the Hotel Corporation or businesses to provide such accommodations, which could later be sold to Bahamians.

He said the Lighthouse Club Marina and Hotel at Fresh Creek have always been popular and that there is no marina facilities after one passes Chub Cay in the Berry Islands.

He said the Twin Lakes Farm at Fresh Creek still has the potential to feed the Bahamas and told members that the food import bill is too high.

According to the Prime Minister, initiating meaningful economic development can assist in stopping the drift in population from the Family Islands to Nassau, the elimination of unemployment in the Family Islands and a reduction in the amounts of money necessary to subsidize the costs of basic utilities, such as water, telephone and electricity.

He said he has been advised that Abaco has full employment and that the agricultural and tourist sectors have potential for further development.

The Prime Minister said the possibility is being explored of the Hotel Corporation and Bahamasair, the national flag carrier, to combine efforts abroad in promoting and selling tourism in the Bahamas.

"What is being explored now is for them to jointly cooperate to maximize the earnings of each other," he said.

He also said that Bahamasair will not be able to compete with big carriers on the schedule routes, but charters from destinations which are not serviced by the big carriers would be a powerful selling item in the hands of Bahamasair.

BAHAMAS

PAPER SCORES PLP ADMINISTRATION FOR 'DISMAL RECORD'

Freeport THE FREEPORT NEWS in English 14 Nov 85 p 2

[Editorial: "The Political Pendulum"]

[Text]

Having gone "All the way" with the Progressive Liberal Party since 1966 it would now appear that the time is ripe for another swing of the political pendulum away from a system in which the governing party has successfully dominated the political scene to the detriment of the nation.

Scarcely challenged by the Official Opposition Free National Movement, the present administration which has 32 of the 43 seats in the House of Assembly have been in a position to effectively railroad through Parliament any measures they wished and could and have on many occasions ignored suggestions or recommendations by the FNM which has only 11 seats.

Despite having all the political clout necessary in Parliament to effect meaningful changes in the lives of the many residents of the Bahamas — including the OUT Islands — the Government's record in this regard remains dismal.

Under the PLP the Out Islands have been renamed "Family Islands" but for the most part, as we noted yesterday, development has been isolated, and in many areas non-existent. Certainly if, as the Government wishes us to think the far flung group of islands which comprise this country are a "family" then they must be treated like family.

Members of Parliament, particularly those who represent Family Island constituencies have a duty to the people they represent to bring their needs to the Government and obtain the same services that Nassauvians have for years become accustomed to. We are talking here about basic necessities. Running water, electricity, decent roads, docks that are not falling into the sea and in the case

of the major islands access to pertinent documents and records without having the burden placed on them of taking a trip to the Capital at their own expense.

Representatives who may belong to the governing party can no longer afford to simply attend meetings of the House and mouth a few pleasant words guaranteed not to embarrass or upset their Cabinet colleagues and consider their job done.

The people, despite the lack of infrastructural development in the islands, have grown more sophisticated than in the 1950's and before. They are now beginning to suspect that they have been short changed by a government which has failed to live up to more promises than it has kept.

While we recognise the importance of party loyalty, M.P.'s were elected by their constituencies to perform a job for the people — not the party.

The time has come when Representatives elected by the people should balance their party loyalties with the greater responsibility and duty they have been elected to perform.

In the case of governing party backbenchers, they may now have new leadership potential among them with the return to that humble but vital sphere of men like Hubert Ingraham, Arthur D. Hanna, and Perry Christie. We deliberately omit others who now also comprise the PLP back bench fold.

On November 7, 1985 we carried an article in which a former PLP member who represented West End and Bimini Mr. Henry Bowen stated that the PLP had been transformed into the Prime Minister's personal political organization which is being manipulated for the sole purpose of keeping Lynden Pindling in power.

He said that Sir Lynden has put a scare in many PLP backbenchers and that they know now that if they dare challenge his judgement they would feel his whip.

This is a situation that bodes no good for either Sir Lynden, the PLP or the country.

PLP history is littered with the broken political careers of those who opposed or criticized the PLP from the man second to the top down. Mr. Bowen is also a victim of the PLP axe. If in fact only the opinion of the CHIEF is important, that is a sad state of affairs for any party.

There must be room in both political organizations in our nation (the FNM and the PLP) for some dissent. Tolerance of views is essential if organizations like these are to grow rather than stagnate under the heavy hand of any one man.

Canon William Thompson of the Anglican Diocese put it well during the Remembrance Day Service in the Capital when he said that the question of peace was not the absence of "unquiet", but rather the presence of justice.

"In our Bahamas, if there is to be real peace then there must be equality in terms of people being given a chance to go to school, being given a chance to get the job for which they are qualified, a Bahamas in which there is no victimization because of one's political affiliation or any linkages; a Bahamas which has a place for those who are white, those who are black, those who have been here from day one and those who have come to join us. There must be equality in the wider sense of that term if we are to have genuine peace," said the Canon.

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CSO: 3298/234



BAHAMAS

## NEW AMBASSADOR FROM VENEZUELA PRESENTS CREDENTIALS

Nassau THE TRIBUNE in English 28 Nov 85 p 7

[Text]

THIS WEEK Dr Valentin Hernandez, Ambassador of Venezuela to the Bahamas, presented his credentials to Governor-General Sir Gerald Cash at Government House.

In accepting his letters of credence Sir Gerald said that although industrialization of Venezuela is not yet complete, "she has distinguished herself as showing sensitivity to the needs of other Caribbean states.

"The Bahamas is not unaware," he said, "of the oil facility which Venezuela along with Mexico extended to Caribbean states as well as the contributing partnership which Venezuela has with the Caribbean Development Bank. We are convinced that the role which Venezuela plays, contributes to the well-being of the people of the region and enhances the peace and prosperity of the region."

Dr Hernandez, a diplomat with a long and varied career, has been involved most of his life with the petroleum industry.

The diplomat started his career as a petroleum engineer with Creole Petroleum Corporation from 1948 to 1949. He left that company to enter private business, first as manager of Rural Engineering Works, CA from 1949-58, and then as manager of San Antonio Constructions, CA from 1956-63.

In 1963 he entered the Venezuelan Foreign Service with the rank of Economic Counselor and was posted to the Embassy of Venezuela in London, where, on various occasions, he served as charge d'affaires, ad interim. He left the Foreign Service in 1964.

In 1965 he was appointed Ambassador to Lybia, Tunisia, and Morocco with residence in Tripoli. He was later appointed Ambassador to Romania, where he served until 1972. From there he became Ambassador to Austria.

In 1974 he was appointed Minister of Mines and Hydrocarbons and served in this capacity for five years. During this period he was elected president of the OPEC Conference of Ministers on several occasions.

He has been honoured by many governments.

BAHAMAS

## PLP DISSENSION DISCERNED IN MOVE AGAINST NOTTAGE

Nassau THE TRIBUNE in English 5 Dec 85 pp 1, 4

[Article by Athena Damianos]

[Text]

A GROUP of PLP backbenchers is seeking to have former Minister of Youth Kendal Nottage excluded as a candidate in the next general elections.

The backbenchers, some of whom are in the Pindling faction of the PLP, feel it would be politically unwise to allow Mr Nottage to represent the party in the next general elections because of a business association the Commission of Inquiry found he had with New England mafia figure/drug trafficker Michael Salvatore Caruana.

PLP chairman Sean McWeeney said recently that while there may be a strong opinion on the matter, he was not aware of a movement to deny Mr Nottage a nomination.

Mr Nottage made a communication to the PLP's National General Council on November 15, in effect challenging the backbenchers to identify themselves and lay their complaints on the table.

Mr Nottage said he was unable to respond to rumours and suggested that anyone who had a complaint against him should come forward with it so that he would be in a better position to defend himself.

A Council source said Mr Nottage's move is really aimed at flushing out the backbenchers and other "dissidents," who now include senators.

The source felt that, if the backbenchers are identified, certain elements of the party would then move to have them dropped as candidates in the next general elections.

The PLP Candidates Committee automatically includes the Prime Minister, Deputy and Chairman. Other members are Prime Minister Lynden Pindling's "buddy," Felix "Mailman" Bowe and Teletha Strachan, president of the Straw Vendors Association.

Also on the Committee are Valentine Grimes (Fort Charlotte), James Moultrie (Rock Sound), Perry Christie (Centreville), Ervin Knowles (Cat Island) and Bradley Roberts (Grants Town).

One of the backbenchers who feels Mr Nottage should not be a PLP candidate said he was confident that Nottage will be denied a nomination in the final analysis.

"Justice will prevail in the end," he claimed.

The backbencher said the Council voted to deny Cooper's Town MP Hubert Ingraham a nomination because he took an internal party matter to the House of Assembly.

Mr Ingraham condemned MPs who the Commission of Inquiry found were involved with drug traffickers and called for their resignations from Parliament. The Council determined that Mr Ingraham did not act in the best interests of the party and would therefore be denied a nomination.

However, Mr Ingraham revealed at a meeting in Cooper's Town September 11 that Sir Lynden frustrated an attempt by 12 backbenchers - one third of the PLP MPs - to hold a meeting of a Political Committee to discuss the Commission of Inquiry report in March, 1985, as agreed at the PLP's Chub Cay conclave in September, 1984. The backbenchers, headed by Pinedale MP Milo Butler, wrote to the Prime Minister in March - six months after the Conclave - to remind him of the overdue meeting.

Sir Lynden responded in writing on April 1, April Fool's Day, by claiming that his leadership was being challenged and, instead of discussing the Commission report, he took the matter of his leadership to the National General Council. The Council, over which he exercises control, supported a vote of confidence in Sir Lynden.

The Commission of Inquiry report, which was made public one year ago, still has not been discussed formally in the PLP.

The Commission found that Mr Nottage "fronted" in a joint business venture with mafia figure/drug trafficker Caruana; "whether he realized it or not." Nottage, a close friend and former law partner of Sir Lynden's, has not been disciplined by the PLP.

The backbench group has also moved to have former Agriculture and Fisheries Minister George Smith dropped as a candidate.

Mr Smith was charged in the Magistrate's Court last Thursday with accepting a \$100,000 bribe from American Edward Ward as an inducement to "procure the removal" of Ward's name from the Immigration Restricted list.

Mr Smith has protested that he is innocent and the victim of malicious and vindictive abuse "created by the perpetrators of political character assassination."

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CSO: 3298/234

BAHAMAS

MINISTER SEES LOCAL GOVERNMENT AS KEY TO FUTURE

FL200450 Bridgetown CANA in English 2306 GMT 19 Nov 85

[Text] Nassau, Nov 19--The way ahead for some Bahamian islands may well involve establishment of local government, according to Minister of Transport and Local Government Philip Bethel.

Bethel admitted that local government was not a subject popular with several Bahamian politicians, but said a local government regime would help the various Family Islands scattered around this archipelago.

The way ahead for the Family Islands will also mean that inhabitants of the islands should be given a greater say in the affairs of their various communities, he said.

He added: Many decisions which are now made in Nassau could, and should, be made by those local leaders who live and function in their various communities from year in and year out.

The way ahead for the Family Islanders is to have more participation and involvement by those persons who live in the Family Islands.

Bethel also called for a more realistic tourism programme and other economic programmes for the Family Islands to be launched during the rest of the 1980's.

He said that a more adequate and efficient air transportation service was needed for the islands, adding that this required Bahamians being put on a solid footing.

That is precisely what we are now doing, and we shall take off with a reorganised airline to deliver to the Bahamian people the kind and scope of air service to meet the needs of our growing economy, he remarked.

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CSO: 3298/234

BAHAMAS

BRITISH TEAM HERE FOR 'INSPECTION' OF POLICE FORCE

Nassau THE TRIBUNE in English 29 Nov 85 p 1

[Article by Athena Damianos]

[Text]

A TEAM of crack law enforcement agents has been seconded from the British Government to conduct a thorough inspection of the Bahamas Police Force.

Det. Supt. David Stockley of Scotland Yard, who was an investigator on the Commission of Inquiry appointed to investigate drug trafficking and related corruption is on the team which is headed by Insp R S Barratt, a former commissioner of police in the UK. Mr Stockley, a lawyer, was deputy head of the Central Drug Squad of the Serious Crimes Branch, New Scotland Yard, London.

The team, which will look at space, equipment and working conditions, is expected to make comprehensive recommendations which, if implemented, would bring the Force up to modern-day standards.

Informed sources have denied that the inspection is in any way linked to the Commission of Inquiry.

A source said that inspections of this nature are conducted routinely in Commonwealth countries with the purpose of upgrading police facilities. It is believed that the last inspection in the Bahamas was in about mid-1970.

Insp Stockley, who is working out of the Attorney General's office, said last week that "one of the reasons" for his visit was to attend the recent

International Drug Symposium sponsored by the Ministry of Health and American Embassy.

He said it would be inappropriate to comment further and referred The Tribune to the Ministry of National Security. The Ministry has declined to comment on the matter.

The team's inspection included the Freeport Police Force.

Some of the team's recommendations are expected to be similar to those that have been made over the years by former senior Bahamian police officials, including Lawrence Major, Paul Thompson and Avery Ferguson.

Mr Major told the Commission of Inquiry he resigned from the Force after many years because he was completely frustrated by its inaction in some areas.

Over the past 10 years, many constructive recommendations have been made by Bahamian police, including one to bring more civilians into the force.

For instance, it was argued that police officers should be used for police work and should not have to man canteens, telephones, and the like. It has been suggested that traffic summonses, which take up many hours of time in paper work and delivery, should be abolished and replaced with a ticketing system.

"We have been suggesting for a long time that rewards should be given to policemen who report bribery and corruption. We feel this would help eliminate the problem," a source said.

"We have always felt that the Police Service Commission should be a body to which policemen who have been bypassed for promotion after years of good service could appeal."

Calls have also been made for a Police Association, which police feel would help improve conditions and efficiency, and more training courses.

For years now, the Police Force has reported manpower and equipment shortages in its annual reports. The situation became so serious earlier in the year that during a crime wave sometimes only two to four police cars were operational at the time. The arrival of 50 new police cars and motorcycles for the Commonwealth Heads of Government Conference has helped alleviate the shortage.

The Commission of Inquiry made a list of comprehensive recommendations for the Police Force. These included that:

- The establishment be increased substantially;
- The number of land vehicles be increased and a planned replacement and maintenance programme be implemented;
- Water transport and air transport be provided;
- Communications systems be upgraded on a planned basis.

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CSO: 3298/234

BARBADOS

GOVERNMENT AID TO SUGAR INDUSTRY RAISES CONCERNS

Port-of-Spain TRINIDAD GUARDIAN in English 16 Dec 85 p 15

[Text]

BRIDGETOWN, Sun., (Cana) — Government's decision to guarantee a further \$10 million loan to the Barbados Sugar Industry Ltd and confirmation of a \$10 million subsidy to the industry have left an atmosphere of anxiety amongst some shareholders, says a bank investment report.

"Market Commentary," published by Barclays Bank PLC, said: "There are growing fears that the Government's subsidy could invite stipulations that importations of weedicides, fertilisers and other crop materials be undertaken either by the Barbados sugar industry itself or by a Government agency."

It said that if this speculation became a reality there could be a substantial loss in revenue for those companies that supply crop materials.

The report said nobody had ventured to question the industry's need for the immediate injection of capital.

Besides the narrow concern of possible import guidelines, there are others who hold the view that the subsidy to sugar is disproportionate to the earnings contributed to the economy from this sector in recent years, it added.

But the report said while external influences would affect the viability of sugar, the Government should, to a great extent, fuel the concept of crop diversification and create a more positive approach to the development of agro-industries.

The consequence of these measures will mean a considerable saving in imports, "Market Commentary" added.

The report said that during the last five years, sugar export earnings were battered by the weak value of sterling and amounted to less than \$300 million.

In comparison, earnings from the tourism and manufacturing sectors for the 1984-85 period reached \$568.3 million and \$526.4 million respectively.

The report said: "Despite the apparent imbalance in terms of financial contribution, the nation's post-war infrastructural development is greatly indebted to the sugar industry and other agro-based industries.

"These formed the backbone of the local economy and for several years dominated, in no small way, the country's overall economic performance."

"Market Commentary" said it was not expected that sugar

would regain its economic influence since the process of economic diversification which took root in the mid-1960s would inevitably gain momentum, thereby bringing into greater prominence both the manufacturing and tourism sectors.

Besides, initial forecasts suggest that global sugar production and consumption for 1985/86 should show a sugar surplus of approximately 37 million tonnes, it added.

Even though this may not have a direct influence on the success of the local industry, it may have some significant impact on the price structure being offered by the EEC (European Community) to ACP (African, Caribbean and Pacific) countries, the report said.

CSO: 3298/223

BRAZIL

SARNEY PREPARED TO IMPLEMENT CABINET REFORM IN FEBRUARY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 85 p 4

[Text] Brasilia and Belem--The chief of the President's Civilian Household, Jose Hugo Castelo Branco, confirmed yesterday that President Sarney prefers to make cabinet changes in February, rather than advancing it to January, as some sectors of the government would like. Another report that has been circulating in Brasilia in recent days, to the effect that Sarney would spend Christmas and New Year's Day in Sao Luis, was denied by his spokesman, Fernando Cesar Mesquita. According to him, the president will remain in the nation's capital, dividing his time among Planalto Palace, the Sao Jose do Pericumun country estate and Alvorada Palace.

Castelo Branco is one of those within the government that have recommended to Sarney that he change his cabinet at the beginning of the year. He himself has offered to resign, as he would like to begin his campaign for the Constituent Assembly. But the comment in political circles is that the current chief of the President's Civilian Household could remain in the administration, appointed as president of the BNDES [National Economic and Social Development Bank], vacant since appointment of Dilson Funaro as finance minister.

Minister Castelo Branco admits that speculation about his name is "natural," explaining that Sarney intends to choose for the BNDES a politician in whom he has complete trust and who has experience in the banking area--such as he, who has been in charge of the three official banks in the state of Minas Gerais.

Also according to Castelo Branco, the cabinet changes in February are likely to be interim, as the president inevitably will have to change his team again after next November's elections, reaching an agreement with the election winners. "But make no mistake about it. In this February cabinet shakeup, President Sarney will seek to match administrative competence with political compatibility," Castelo Branco told the newsmen. "Combine these two factors and you will have a cabinet minister, although until now he has not made any invitation or communicated with anyone who will join the cabinet in February."

Regarding the president's plans for the holidays, the Planalto spokesman stressed that no political event entered into Sarney's decision to remain in Brasilia. Mesquita sought in this way to deny reports in some newspapers that the president would retire to his own state to escape political pressure and coordinate from there the reshuffling of his cabinet.



Within the government there are many comments about the cabinet changes. One adviser, for example, asserted that Castelo Branco will indeed be named to head the BNDES, with the current education minister, Marco Maciel, being his replacement. The PFL [Liberal Front Party] leader in the Senate, Carlos Chiarelli, did not wish to confirm the change. But neither did he deny it. "Minister Maciel has excellent access to President Sarney and much political competence to fill that position," he remarked.

Already Transportation Minister Affonso Camargo, on leaving an appointment in Planalto Palace, asserted that PDS [Social Democratic Party] members will not be appointed. "To participate in the new cabinet, the criterion must be that of political support, and the PDS, if it wants to benefit, must support the government," he asserted. At the very moment he was making this statement, PDS Senator Luiz Viana Filho (BA [Bahia]) was being received in an unscheduled appointment by President Sarney.

Mentioned for the Foreign Relations Ministry, to replace Olavo Setubal, the Bahia senator attributed his constant presence in Planalto Palace in recent days to "the warm friendship" that he and the president have had for over 20 years. He denied that he is frequenting Planalto Palace as the new foreign minister, although he admits that he cannot see how he could refuse the invitation, should his friend Sarney make it. If this happens, Luiz Viana Filho, who directed Itamaraty [Foreign Affairs Ministry] in the Castello Branco government, may switch from the PDS to the PFL.

In Belem, Agrarian Reform Minister Nelson Ribeiro, who is on everyone's list to be replaced in February, admitted that the president is going to make cabinet changes. But he denied that he is already marked for departure. Ribeiro believes that land reform will continue, with him or without him.

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3342/44

BRAZIL

CNBB OUTLINES DEMANDS FOR CONSTITUENT ASSEMBLY CANDIDATES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Nov 85 p 7

[Text] Brasilia--Establishment of a clear separation between the specific activities of a constituent nature and the activities of regular legislation; establishment of a period for the duration of the National Constituent Assembly, not to exceed 1 year; and inclusion in the future constitution of points required by Christian demands of a political nature. These are the principal commitments that the CNBB [National Conference of Brazilian Bishops] demands of candidates for the Constituent Assembly. These points are contained in the document released in Brasilia yesterday by the 25 bishops that make up the Permanent Council of the CNBB.

According to the entity's Permanent Council, the text approved by the National Congress calling the National Constituent Assembly "does not respond to hopes and expectations, frustrating the aspiration for full democratization of the nation." However, the bishops point out that "the people must not retreat from their intention to participate." The church, through the CNBB, the bishops assert, "will engage in encouraging this participation. For this purpose it will urge groups, Base Communities and all the people of God to establish concrete proposals about points that must be included in the nation's Magna Carta, in defense and support of the dignity of the human person."

"It is indispensable," note the bishops, "that this study produce criteria for the choice of candidates to the Constituent Assembly that, in the exercise of their mission, commit themselves to these fundamental points." The CNBB recalls that the entity previously expressed itself clearly in favor of a Constituent Assembly with the specific mission of preparing a new constitution that would effectively represent the current national will.

"The rejection of the proposal for a plebiscite to decide whether the people would prefer an exclusive constituent assembly or a congressional constituent assembly," the bishops recall, "signified in effect creation of a serious gap between the Congress and the people, denying the fundamental principle of the constitutional order."

The members of the Permanent Council of the CNBB endorse the importance of the great historical opportunity "of this moment." It is thus necessary, they conclude, that this process not be jeopardized by simultaneous elections for executive positions beyond those that are scheduled for choice of state governors.

## Topic for Itaici

During the meeting, the bishops also approved the central theme for the 24th Assembly of Bishops, scheduled for April in Itaici, which will be: "Christian Demands for a New Constitutional Order." The theme was chosen unanimously by the bishops that were meeting in Brasilia. They wish to discuss more thoroughly the role of the church in the constituent assembly and, to prepare for the subject, a commission was appointed made up of three members of the Pastoral Episcopal Commission-- Dom Antonio Celso Queiroz, Dom Afonso Felipe Gregory and Dom Celso Pinto da Silva, with the assistance of Fathers Fernando Bastos de Avila and Agostinho Castejon.

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CSO: 3342/44

BRAZIL

AMARAL SUPPORTS SARNEY'S PLEA FOR TOLERANCE

PY231915 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 85 p 4

[Text] Recife--Admiral Jose Maria Amaral, minister and chief of the Armed Forces General Staff, yesterday in Recife supported President Sarney's warning that tolerance should not be mistaken for weakness. Amaral said; "His words express what we all think about democracy." According to the admiral, Sarney's statement is not a result of any particular political event, and it is not a complaint. "He was talking to the entire civilian society about how he thinks the government should work."

In the opinion of the minister, liberty is the essence of democracy, but it also means responsibility. "Sarney spoke about being tolerant, and we all have to be tolerant when discussing problems," he explained. "Now the country has to move forward and society has to develop; tolerance must exist. The interests and the common good of the nation, however, must be protected. Therefore, authority cannot be dispensed with."

The admiral also said he is pleased with the economic growth of the country, which is expected to reach 7 or 8 percent, and added that this fact "is even being commented on abroad." The minister recalled, however, that Brazilian inflation is higher than 200 percent, and President Sarney's greatest concern is the social pact.

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CSO: 3342/51

BRAZIL

ARMY MINISTER COMMENTS ON EXTREMISM, NOVEMBER ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Nov 85 p 6

[Text] Brasilia--"The Brazilian people repudiate every type of radicalism. They reject authoritarian regimes of the Right as well as those of the Left." This evaluation was made yesterday by Army Minister Gen Leonidas Pires Gonçalves during an informal conversation with newsmen after the ceremony honoring the Nation's Flag.

The army minister was responding to a question about the possibility of a change in the national picture, in view of the concern expressed by the president's spokesman, Fernando Cesar Mesquita, about the advance of the Right. Emphasizing that he didn't know anything about the subject, not having heard anything about it, and thus was not able to say more about it, the army minister limited himself to characterizing the behavior of the Brazilian as "middle of the road," the reverse of "extremisms." And he asked: "Have you ever imagined the Brazilian people living under any type of authoritarian regime? They love freedom. They love the right to come and go."

About the elections, Gen Leonidas Pires did not wish to add much to the official 25-line note released the day before by his press secretary. "An election is a means, not an end. Now we have to work," he recommended. In regard to the victory of Janio Quadros, in whose military cabinet he served in 1961, the army minister did not wish to comment either. He said simply that everything was already written in his official note, "a general note," according to the minister, containing his viewpoints about the elections of 15 November.

Although on the one hand the ministerial note of the day before yesterday was justified as a way of meeting the requests of the press about the electoral process, on the other hand, according to members of the minister's staff, it was also intended to explain to the public the presence of the army in some states as a way of guaranteeing the elections.

Leonidas emphasized that he was expressing a personal point of view in commenting on the conduct of President Sarney during the elections: "I think he acted as an administrator. He himself said this yesterday. That he did not intervene in anything, that no one's victory came or went as a result of his actions. It was all very democratic."

In his conversation yesterday, Minister Leonides Pires added nothing beyond these comments, emphasizing that his note of Monday had covered everything. In this

note, really, in addition to giving his opinion of the electoral process, the army minister reaffirmed the intention to prefer the present wording of the constitution about the role of the armed forces, "of guaranteeing constituted powers, law and order." The expression "constituted powers" dates from the Constitution of 1969 and it was the first time that Minister Leonidas Pires made use of it, as since he has taken office he has preferred to use the wording "constitutional powers," which was in effect until the Constitution of 1967, being reworded in the 1969 Amendment.

Navy Minister Adm Henrique Saboia preferred not to comment on the election results, recalling that the navy minister does not talk about politics. "I voted in Rio. And the vote is secret," was all Henrique Saboia would say.

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CSO: 3342/44

BRAZIL

NAVY TO BUY MOTORBOATS, CREATE COAST GUARD

PY250149 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 85 p 2

[Text] Next year, the Brazilian Navy will buy motorboats for the Naval Police and it will begin building ships for the coast guard with resources from the 1 percent oil royalty recently authorized by Congress. This was announced yesterday by Navy Minister Admiral Henrique Saboia in an interview with the Brazilian News Agency [EBN] in Brasilia during which he also revealed that more sophisticated ships will be built in 2 years. These will be 1,100-ton Ocean Patrol boats [Navio de Patrulla Oceanica--NAPAOC], which will carry helicopters.

Now that the plan of building submarines in Brazil with German technology has started, the Navy is also developing plans for a national submarine. It still intends to create its own technology for nuclear propulsion, "an aspiration for the future," Saboia said.

The minister admitted that there has been a "considerable increase" in the 1986 budget and added that "the situation is far better than it was in 1985." However, the budget "is still too small to buy new materiel and furnish ships." The Navy's main objective, according to Saboia, "is the real strengthening of our naval power. Therefore, all our efforts, energies, and most of our available resources and the resources we will receive will be dedicated to this objective." However, the Navy Ministry will not use its resources to create the coast guard. A bill was being discussed in Congress to create a coast guard funded from the Navy's budget. Saboia had the bill withdrawn from consideration because it called for using Navy funds. The bill will now be studied again and sent to Congress when the Navy "finds the resources to create the coast guard without further affecting the budget."

Saboia stressed that the Navy has made progress and that "it is undeniable that nowadays, we have fairly modern ships." He also said that "personnel preparation has also improved." The minister said, however, that it is necessary to compare our progress with "the progress made by other navies of the world, and to feel that we are not lagging behind." Regarding personnel, Saboia praised the participation of women, which constitute the Navy Women's Auxiliary Reserve group [Corpo Auxiliar Femenino da Reserva da Marinha], adding that he believes that "as time passes, this group will become consolidated and contribute further."

The medical-hospital service offered by the Navy in the Amazon region will be maintained at current levels in 1986, with the seven ships from the 4th Naval District. Saboia believes that, by comparison, the Navy nowadays is "far superior" to what it was when he joined it.

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CSO: 3342/51



BRAZIL

# PT HEAD REJECTS ALLIANCE WITH PDT, WARNS GOVERNMENT

## Lula Rejects Alliance

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Nov 85 p 2

[Text] Rio de Janeiro--The national president of the PT [Workers Party], Luis Ignacio "Lula" da Silva, said in Rio yesterday that his party has no intention of making any electoral alliance with Leonel Brizola's PDT [Democratic Workers Party], and criticized the "populism adopted by the governor of Rio de Janeiro, who does not believe in the organization of the people." Lula was speaking to the press, including foreign correspondents in Rio, at the Brazilian Press Association [ABI].

"An agreement with Governor Brizola could go as far as supporting immediate direct elections. In the last campaign for immediate direct elections, we worked alongside persons from the PDS [Social Democratic Party], the PMDB [Brazilian Democratic Movement Party] and the PDT, and none of us lost our identity," the PT president said.

He asserted that "the so-called New Republic has not yet sponsored any significant change for the worker, and the Right is still in the government, and the president of the republic himself was persona non grata for the nation until the meeting of the Electoral College and worked against direct elections."

The former labor leader reaffirmed that he intends to be a candidate for the Constituent Assembly next year, in opposition to some sectors of the PT, who would like to see him be a candidate for governor of Sao Paulo. He asserted further that the PT will have its own candidate in all states and in the election for president of the republic. About the differences within the party, he said that "the PT has some persons further to the Left, some in the center and some to the Right, but the important thing is that they stay united."

He praised the foreign policy adopted by the previous administration favoring the Third World, mentioning ex-foreign minister Saraiva Guerreiro by name, and characterizing the performance of the current foreign relations minister, Olavo Setubal, as retrogressive.

The PT leader emphasized the "positions of solidarity adopted in the days of Saraiva Guerreiro, such as recognition of Angola after its independence and support for the Sandinist government of Nicaragua," calling for more support for the

Managua government. He said he also regrets that the Brazilian Government is not granting proper status to the Palestine Liberation Organization (PLO).

In his interview, he declared that the PT does not intend to become associated with the Socialist International, or with any other international organization. In speaking about social democracy, Lula stressed that this is the line that Leonel Brizola's PDT intends to adopt, unlike his own party, which advocates socialism, "but without the state bureaucracy of some socialist regimes." For Lula, who advocates control of the means of production by the state, the model that Brizola's PT proposes will have no effect on the position of the employers.

Although the PT does not intend to associate with international organizations, unlike the PDT, which is affiliated with the Socialist International, the Workers Party leader asserted that his party may, nevertheless, have good relations with foreign parties, such as, he said, the Communist Party of Cuba [PCC]. As far as he could see, the Cuban people are satisfied with the government they have, although he pointed out that he had spent very little time in Cuba--only 15 days--to really evaluate the situation in that country.

In answer to another question, Lula asserted that the vast majority of the Brazilian people are not at this moment thinking about the armed struggle.

Very cautiously, he stressed that in the future the armed struggle could become necessary, although he said he did not consider it feasible "as an instrument to overcome the distortions that marginalize," according to him, "a large part of Brazilian workers."

#### Land Reform Advocated

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Nov 85 p 12

[Text] Brasilia--The president of the Workers Party, Luis Ignacio da Silva, and the president of CONTAG (National Confederation of Farmworkers), Jose Francisco da Silva, charged in Brasilia that the government is being remiss in the matter of agrarian reform, and warned that if concrete measures are not taken "the people might soon begin to take the law into their own hands."

The president of the PT asserted that "violence should not be preached in the countryside, but rather resistance," stressing that "it seems incredible that in Brazil it is still possible to witness the death of labor leaders, homesteaders and innocent children." The two leaders were participating in launching the campaign against violence in the countryside.

The president of the PMDB, Ulysses Guimaraes, who also attended the campaign launching in Brasilia, asserted that the duty of the state is to do justice: "Our nation constitutes one of the most violently unjust societies on the face of the earth." He promised personally and as president of the party to support the struggle for agrarian reform, after asserting that "the nation has changed and now the State must change." And he added further: "Either the State, the men and the parties change or they will be changed, in a democratic manner or else by rebellion."

"Our struggle in the PMDB," he emphasized, "has been to act in such a way that the State apparatus makes the reforms that are necessary, especially in the countryside." He also pointed out that his party had waged a struggle against a regime that construed as evil certain highly-charged words, such as amnesty, the UNE [National Union of Students] and agrarian reform.

CONTAG president Jose Francisco da Silva advocated changing the Fleury Law, noting that impunity in the countryside has been the most responsible for the climate of violence in rural areas. He asserted that the labor movement demands immediate revision of the National Agrarian Reform Plan, which does not meet the aspirations of rural workers. And he accused the National Congress of having been remiss in handling the agrarian reform question.

In his speech, PT president Luis Ignacio da Silva stressed that "anyone with a minimum IQ knows that only with agrarian reform will it be possible to do away with hunger, prostitution and malnutrition."

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CSO: 3342/44

BRAZIL

#### IMPORTS DEEMED SUFFICIENT TO MAKE ECONOMIC GROWTH VIABLE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 85 p 41

[Text] Rio de Janeiro--"There will be no lack of imports to make the 1986 economic growth targets feasible," Roberto Fendt Jr, director of CACEX [Foreign Trade Department], asserted in Rio yesterday upon announcing the terms that will govern import programs next year, distinguished by simplification of CACEX requirements, expeditious handling of applications and greater decision-making autonomy for the body's 117 agencies.

According to Fendt, the lower expenditures for oil imports in 1986, resulting from increased domestic production and falling international prices, will make up for increased imports of food. Foreign purchases of rice, corn, soybean oil and beef will cost the nation about \$400 million, half of it being already included in this year's trade balance.

"We are going to democratize the access of business firms to CACEX," Fendt said, referring to the increased decision-making power of the entity's regional agencies, which will authorize 98 percent of the 1986 import programs, reducing participation of the central agency in Rio to 2 percent. This year the central agency in Rio passed upon 10 percent of the imports authorized. Some agencies--such as those of Rio, Sao Paulo and Campinas--will even have autonomy to authorize imports included on a list of products whose importation is not permitted. "Drawback" operations (imports related to exports) will be approved by the regional agencies.

#### Programs

Among the measures comprising import regulations for 1986 is elimination of the submission of a program for firms whose imports do not exceed \$50,000 annually, which includes 40 percent of the importing firms, which will be met without administrative difficulty.

Imports greater than \$50,000 and up to \$10 million annually will be approved by the regional CACEX agencies, whose autonomy until this year ended at \$4.8 million. For imports of machinery and equipment, any agency may approve requests of up to \$300,000. For the central Rio and central Sao Paulo agencies, this figure will be \$1 million.

According to the CACEX director, the new system for import programs will result in their more rapid approval, as it is flexible enough to deal with any changes.

There will also be permission for requests referring to critical products to receive high-priority treatment in their processing. One of the program's major principles is that all CACEX agencies will make decisions upon the basis of uniform criteria, thus avoiding disagreements among decisions covering the same material.

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CSO: 3342/44

BRAZIL

#### BRIEFS

**SOUTH AFRICAN ATTACK DENOUNCED**--Brazil has condemned the South African attack against Angola, which was carried out from bases established in Namibian territory. The Brazilian Foreign Ministry issued a note today stating that Namibian territory remains occupied irregularly by South African troops. The note also reiterated Brazilian solidarity with the Angolan government and it likewise supports the struggle for the independence of Namibia. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 23 Dec 85] /9365

**SALVADOR FLOOD DAMAGE**--Salvador, Brazil, 13 Dec (EFE)--Thirteen people have already died and 40,000 are without shelter as a result of the rain that has been falling in Bahia State for the past 15 days, O GLOBO newspaper reported today. According to information provided by the Regional Civil Defense Coordinator (CORDEC), 71 municipalities have been affected, of which 22 have been declared by the Bahia government to be in a "state of emergency." Superintendent of Social Development Leonidas Alves, Jr., said that the rain will continue and it might cause even greater damage in the affected areas of Bahia. According to CORDEC, 1,700 houses have been destroyed and 1,500 damaged in the interior region of Bahia. [Excerpts] [Madrid EFE in Spanish 1119 GMT 13 Dec 85] /9365

**WHALING PROHIBITED**--President Jose Sarney will sign today a decree forbidding the catching of whales in Brazilian territorial waters for a 5-year period. With this decree, Brazil complies with requests by the International Whale Defense Commission to stop the killing and permit the reproduction of the species inhabiting the oceans of the world. The decree will become effective on 1 January 1986. [Text] [Sao Paulo Radio Bandeirantes Network in Portuguese 0900 GMT 20 Dec 85] /9365

**ORE CARRIER-TANKER CHRISTENING**--The Brazilian First Lady Marli Sarney tomorrow will christen the world's biggest ore carrier-tanker ship, the "Doce de (?Ardis)" at the Ishibras Shipyard in Rio de Janeiro. The carrier-tanker has been a joint-venture project of the Vale do Rio Doce Navigation and the Norwegian industrialist William Nielsen. The 305,000-ton ship is 332 meters long. It can carry 2,016,981 barrels of oil which is the equivalent of 4 days of production of the Brazilian ports. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 16 Dec 85] /9365

CSO: 3342/51

CHILE

GOVERNMENT TO ALLOW 30 EXILES TO RETURN

PY210141 Paris AFP in Spanish 0021 GMT 21 Dec 85

[Text] Santiago, 20 Dec (AFP)--The Chilean Government today authorized the return of 30 exiles. Among those affected are journalist Oscar Weiss Sand and David Baytelman, former vice president of the Land Reform Corporation during the administration of late leftist president Salvador Allende.

This announcement was made by the Interior Ministry, which released a communique at the La Moneda Presidential Palace.

Baytelman's relatives told the press on 19 December that the military government had not authorized his return. However, the communique confirmed that Baytelman has been allowed to return.

According to the Chilean Human Rights Commission, there are 3,850 Chilean exiles living abroad, most of whom are leftists.

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CSO: 3348/311

CHILE

CHRISTIAN LEFT SAYS MOBILIZATION ONLY OPTION

PY280014 Santiago Radio Chilena in Spanish 1600 GMT 27 Dec 85

[Text] Christian Left [IC] main leader Luis Maira has said that after the government's rejection of the National Accord, the opposition should now agree on a common program of mobilization. He said that, before the government's refusal, the options were either mobilization or negotiation, now the only possible alternative is mobilization or inaction.

Luis Maira delivered the IC's public declaration which considers as unacceptable the interpretation Cardinal Fresno's advisers made of the National Accord. This interpretation was stated in their letter to the National Unity Movement [MUN] according to Andres Allamand.

The IC says that, in that letter, it is understood that the main purpose of the National Accord is to arrive at an agreement with the government. According to this attitude, Maira said, and considering the government rejection of the National Accord, the document then has no purpose and we do not believe this.

[Begin Maira recording] We are particularly worried about the idea expressed in that document which states that the only objective of the National Accord is to seek an understanding with the government. This is worrisome in view of the latest events; first, the monsignor's advisers were not received by the person they requested, but by a lower-ranking official; and second, the president himself told the cardinal of his definite desire to reject the National Accord, as well as giving orders not to receive the National Accord representatives. This means that, as interpreted through this letter, the National Accord would be meaningless.

However, we believe very differently. We believe that the National Accord has a permanent character and value as long as it maintains its proposal to organize a post-authoritarian political system. I mean a democratic political system that will guarantee the majority of the Chileans that the popular sovereignty principle will be restored, that the state of law will prevail, as well as the other basic rules of any democratic system in the world.  
[end recording]

Maira said that a long time ago he warned that the regime, given its characteristics, would refuse to negotiate.



[Begin Maira recording] We have said, and so have many other organizations, that the negotiations sought by some Chileans is an evident failure, and many of the Chilean democratic forces have agreed. We cannot try negotiations again, because General Pinochet himself has spoken the last word. He has said so in a formal meeting with Cardinal Fresno who was the one who sponsored the National Accord and who informed us of the president's rejection.

We think that at least we should take note of this situation. We must find an appropriate reply to the great obstacle presented by the president.

When the time comes we will propose a concrete program regarding what must be done in 1986. Now we just want to say something that is more than symbolic: 1986 should be the year of Chile's freedom. Those who really seek democracy should be willing to accept responsibilities and make sacrifices in keeping with this challenge. [end recording]

When asked about the MUN's position of refusing to accept the need for mobilization based on a common program, Luis Maira said that fortunately, in the last few days he observed that the possibility of social mobilization is becoming stronger.

If in the past the possibilities were either mobilization or negotiation, Maira said, now that the National Accord has been rejected, the alternative is mobilization or inaction.

[Begin Maira recording] We want to be consistent when we say that the National Accord should not constitute an official plan of implementation but should give freedom to its different forces. We also said that there was sort of a bet on how to achieve this. This proposal first had two possibilities: either negotiation or mobilization.

I believe that after Pinochet's refusal, the bet no longer is valid. So we have a very dramatic alternative for those who do not wish mobilization: that is either mobilization or inaction. Obviously we will never favor inaction because if we did the agenda prepared by the executive branch would continue. It would mean becoming an accomplice of the democratic inexistence in Chile. Therefore, we will seek in the heart of the National Accord common social mobilization programs for 1986. [end recording]

Luis Maira said that from now on, whoever seeks democracy should start talking and making mutual concessions regarding the methods of struggle so far experienced.

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CSO: 3348/311

CHILE

MDP LETTER SEEKS AGREEMENT WITH AD

PY272123 Santiago Radio Chilena in Spanish 1600 GMT 27 Dec 85

[Text] The Democratic Alliance [AD] has declared that the chief of state's refusal to establish a dialogue with the members of the National Accord for Transition Into Full Democracy is hindering and delaying a negotiation it cannot do without. The AD also announced that it will answer a letter from the Popular Democratic Movement [MDP] next Monday. The MDP letter requests an agreement to recover democracy and establish a political agreement for a future democratic government for transition.

Armando Jaramillo, AD president, made public a document denouncing President Pinochet's refusal to discuss the National Accord. He also thanked Santiago Cardinal Archbishop Juan Francisco Fresno for having inspired this historical consensus.

Jaramillo then spoke about the consequences that will result from Pinochet's refusal to accept the National Accord.

[Begin Jaramillo recording] His rejection of the National Accord will have deep historical significance and consequences which will inevitably fall upon General Pinochet exclusively. His intransigence goes beyond reason, and makes him the main obstacle in attaining democracy.

The AD ratifies its belief that the National Accord is the appropriate instrument for putting an end to the dictatorship and building a fair, free, and stable democracy. Therefore the National Accord will continue supporting, through nonviolent means, any progress in favor of the democratization process. [end recording]

Armando Jaramillo then spoke about the AD's reply to the letter sent by the MDP requesting an agreement to start a social mobilization to put an end to the regime and set the bases for a real transition into democracy. Jaramillo said that the final reply will be delivered next Monday, and he disclosed some of its contents.

[Begin Jaramillo recording] If, as I have said before, the MDP accepts the terms of the letter which mainly invites it to social mobilization in a peaceful manner, and let this be well understood: a peaceful manner, underlined; if they accept these terms, the AD will find no problem in talking with the

MDP in front of the people and the media to discuss joint strategies that will put Chile, I repeat, through peaceful manners, on the road to democracy.  
[end recording]

Jaramillo ended by saying that the letter to the MDP will be sent on Monday, with suggestions for the response being accepted until that time.

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CSO: 3348/311

CHILE

RICARDO LAGOS COMMENTS ON NATIONAL ACCORD

Santiago COSAS in Spanish 3 Oct 85 pp 28-30

[Interview with Socialist leader Ricardo Lagos by Soledad Miranda; date and place not given]

[Text] He has lost the professorial characteristics which were observed by his interviewers in earlier years. A time when Ricardo Lagos talked mainly about economics, aided and abetted by his vast store of knowledge of this subject.

He is an attorney and has a doctorate in economics from Duke University. He was secretary-general of the University of Chile during the time of the Reform, special ambassador to the United Nations and was in charge of international monetary negotiations in UNCTAD [United Nations Conference on Trade and Development]. After 1973, he worked as a visiting professor at North Carolina University; he was in Buenos Aires for 3 years in charge of another United Nations program and was in the Latin American Regional Employment Program in Santiago in 1978.

Now his field of endeavor is different; therefore, he no longer approaches a subject as a professor but rather as a dialogist; he now resorts less to facts and figures and statistical data but instead frequently mentions details from conversations held in typically political ambiances, including official policy. Although in the international sector, because in our domestic sector he continues to be de facto but not de jure in the opposition.

The men with whom he has dialogues at present--a present that could date back to the establishment of the Democratic Alliance, in which he is a representative of one of the socialist sectors--are Presidents Alfonsin, Sanguinetti and Alan Garcia, to whose inaugural ceremonies he was especially invited. And, more recently, Elliot Abrahams, assistant undersecretary of state for Latin American Affairs in the Reagan administration, during his participation in a seminar in Washington.

"From the outside, Chile is seen to be in a situation which we here do not view in the same light," he said with respect to this most recent trip.

[Question] Better or worse?

[Answer] Worse. In a sense I feel that we are in a seminal civil confrontation in this country, and we do not realize it. Because of my work, I was called upon to do a lot of traveling in Central America in the 1970s and visited countries and noted how polarization and violence were "in crescendo." However, those living there were not aware of the fact. A person coming in from the outside could see that there were not four dead persons but six and that time was not being measured in months but rather in weeks.

What is going on here? Today I opened the newspaper: and I will bet that you do not remember the name of the carabinero who was charged according to EL MERCURIO, with I know not what alleged assault, which was reported at the time. As the result of that alleged assault, somebody was killed. At this time, there are two carabinero officers who have been charged with the use of unnecessary force.

I know a lady teacher, a modest lady teacher who holds classes in a school which likewise is modest, and her students considered it absolutely normal to say that the day before they had eaten well because they had held up a supermarket.

[Question] What do you think of that?

[Answer] It is dramatic.

[Question] Censurable?

[Answer] I will stick with the definition of Father Pierce Duclos when we talk acts of violence, which he defined as being primary and secondary acts of violence. In the sense that when these young people say: "Last night we ate well; we stopped being hungry; and for the first time we went to bed without being hungry," it is the result of their elders having taken part in an act as violent as holding up a supermarket.

Faced with that situation then, we see the final consequence. I do not deny there are people who want to take advantage of the crisis; however, there is trouble brewing and in the face of that the political class of this country has a responsibility to try to reach a political solution to the problem. And you have seen the result of this response.

[Question] That the political class is equally guilty of the generation of violence as an integral part of mobilization?

[Answer] Those primarily responsible for mobilization are the government and its ministers. When we have 30 percent unemployment, when we have a drop in the production we had in 1982--of course the first mobilizations were in 1983--and when we have an inability to participate in this process because we have had an authoritarian system for 12 years now, every people has to express its discontent, its protest.

[Question] Why did not the mobilization take place in Brazil, for example?

[Answer] Ask me also about Uruguay and Argentina. Do you know why? First, those were military dictatorships in the sense that the Armed Forces participated as such in the authoritarian regime. In Brazil, the presidency changed hands every 4 years, with the president coming from the post of commander in chief of the army. In that way there was a balance of powers. And they had Figueiredo himself, in his time head of the secret services--the equivalent in Chile of the head of the CNI [National Intelligence Center]--who became president of the republic and created an opening.

[Question] Were the Armed Forces prepared to relinquish power?

[Answer] Obviously. On the one hand, there was this readiness; and on the other hand--this is much more important--there was no personal dictatorship. It was not Paraguay.

[Question] Nor was there a threat of communism...

[Answer] I am going to clarify the question for you in a way that to some might seem ingenuous...Those countries did not have Popular Unity as a prior experience, not the black legend woven about Popular Unity. But, most importantly, in those countries there was a national accord of the political class. And that national accord, moreover, was reached without exclusions.

[Question] Because there was no Communist Party...

[Answer] There is a Communist Party.

[Question] Without the power it has here...

[Answer] The power of the parties has to be measured in the elections.

[Question] Only in the elections?

[Answer] The presence of the parties and above and beyond the parties the presence of ideas and ideologies are measured in many things. They are measured in the culture, in the values. In Chile, a culture of the Left has existed; there are values that are characteristic of the Left of this country; and I think that it is a profound mistake to suppose that 12, 15 or 20 years of authoritarianism are going to destroy them. There are National Prizes, Nobel Prizes in art, theater and literature; there is a specific view of the process of change, of the desire for greater social solidarity which are expressed in culture, are expressed in a specific conception of the Social Sciences. Today we socialists have the greatest number of economists in the country. There is an association of socialist economists which numbers more than 200. That, after 12 years.

## Adherence to the Text of the Accord

[Question] Is that not precisely the impediment to the transition to democracy? The existence of a culture of the Left and the presence of organizations such as the Communist Party in popular sectors, which are seen in the adoption of certain lines of action.

[Answer] Clearly. That is a good excuse for those who are afraid to face up to society as it is or because they are so antidemocratic and want to model a society to their own liking. The left and socialism exists in Chile and are going to continue to exist. They are like the cordillera of the Andes. Make me a Chile without the Andes cordillera and it will not be Chile. Therefore, it is unrealistic to suppose that what exists is going to change; and the drama of this country today is that some still believe that it can be changed by force.

[Question] What do you think about the comment made by Fernando Leniz' at a meeting of the Association of Newsmen that the National Accord effectively excludes the Communist Party?

[Answer] The wisest thing with regard to the accord is to adhere to what it says. I do not know that it mentions the Communist Party. It mentions, conduct, antidemocratic objectives; and a Constitutional Tribunal is going to determine what they are going to be. I am sticking to the accord.

[Question] Leniz said specifically that in this opinion the accord excludes the communists...

[Answer] That is what he thinks. But, obviously, there are many interpretations of every legal document. I have a completely different opinion: I feel that it affects those who are with the regime because they have not engaged in any democratic procedures. That it, ministers whom they have consigned to oblivion, and ministers whom they have exiled have given clear demonstrations of their antidemocratic actions. But what Ricardo Lagos or Fernando Leniz thinks is of no importance. What is important is that which will be decided by a Constitutional Tribunal.

[Question] How do you evaluate the expectations raised by the accord?

[Answer] Expectations with respect to the accord are real and positive. The problem is that these expectations are not eternal; and, therefore, the accord has to produce results in a specific time frame. Results mean the people of the country see that some of their wishes are being met; and time is fundamental, because if nothing is accomplished in a specific time frame discontent will come. The difficulty is that in order to obtain results it is necessary to maintain a certain kind of mobilization which implies a certain position of power to attain that result.

[Question] In light of the present situation, what accomplishments could be attained in a short time frame?



[Answer] In the accord there is quite an extensive paragraph which refers to immediate measures aimed at the reestablishment of a political scenario, from which the different parties will be able to place themselves before the country. That is the immediate result: the need to have a political scenario.

[Question] Gabriel Valdes said that for the good of the country's interests, political opponents overcome past differences, without abandoning their convictions, and search for democracy. Does that mean the accord, as President Pinochet maintains, is only a tactical alliance to attain power?

[Answer] I do not believe it is a tactical move on the part of those who sign the accord or the rest of the Chilean political class. The political class coexisted in a democratic system for 150 years, with very few interruptions. It was not a tactic to attain power; it was a mechanism by means of which we could in a civilized way resolve the differences that exist in every society.

I think that in every society there are opposing interests; there are antagonistic social classes. That business of the class struggle was not an invention of the Marxist; it is something that exists because there are different interests. The way to resolve those conflicts is through a democratic system which we will find more or less perfected, in accordance with our personal point of view.

[Question] Points of view that are different...

[Answer] My conception of democracy is probably different from that of a liberal. But there are certain common ethical values. Take human rights, for example.

[Question] Respect for human rights is precisely what many miss in the National Accord. There is little specificity on this point while there is a great deal of specificity in defense of private property...

[Answer] I think that people have not read this document carefully. The accord states that there is private property and that there is also public or state property and mixed property and even other forms of property. Does the accord say what the importance of private property is going to be vis-a-vis state property? No. That will have to be determined by society; to this end we need a democratic system in which I have no doubt my liberal friends are going to desire a very small area of state property and, of course, my friends and I on the Left feel that the public sector must have a greater share, which is not the same as state or statism; but that is another story.

That is something which I will have to be decided by a normal and civilized system. Consequently, I am not saying that the accord establishes something specific with regard to private property. It states that private property exists and will be respected. The magnitudes, the area will have to be resolved appropriately.

[Question] And what about human rights?

[Answer] The accord is very emphatic when it states that "we are being guided by the International Conventions Chile has signed." That is very clear. Now then, if from a philosophic standpoint you were to ask me: "Mr Lagos, as a socialist, is your conception of human rights the same as that of a liberal?" I would say to you, no. Because I feel that among the human rights the right to employment is fundamental; the right to housing, health and education... Others feel that this problem should be resolved by the marketplace. Those rights are too important to be left to the vagaries of the marketplace, and I think I can demonstrate that the marketplace is in no position to resolve those problems in an efficient and equitable manner. Therefore, they should be assumed by the state.

[Question] Do you feel that these 12 years have tempered the Right just as they have tempered the socialists as regards its options?

[Answer] I do not believe that these 12 years have tempered the convictions of the socialists. My view of socialism in Chile has not been tempered; it has been fortified after having seen what happened when an effort was made to apply economic liberalism at any cost in the only form in which it can be applied: with an authoritarian system. I have had my socialist convictions fortified.

That said, I will answer your question in the following manner: I feel that there are certain values in Chilean society which have been reassessed as the result of experience; this formal democracy, referred to pejoratively by some, per se has values that are important. But this is not new because in the 19th century there were no ecological movements which concerned themselves with pollution or smog: there was no pollution. It is the same thing. When freedom is lost... it is not because we have been tempered but because we are reassessing.

#### Democracy and Socialism

[Question] One of the most highly prized values of the socialists is the implantation of socialism. You signed the National Accord which does not even mention it. Is that not tempering?

[Answer] Neither I nor any of those who signed the accord for Chilean socialism have abandoned the proposition of struggling to have socialism in Chile. What is happening is that in order to have socialism in Chile we need a system of at least minimal political and human rights on the basis of which we will be able to implant our socialist view of society. What is being debated today is the reestablishment of a minimal political scenario because of it is my belief that with my ideas I am going to win the majority of the minds in this country, and they are going to permit me to arrive at socialism. But in order for this to happen, I have to exercise political rights.

[Question] Let me see whether I understand what you are saying...Democracy so that there will be elections to elect another socialist government...

[Answer] Of course.

[Question] Here we have come to the same problem as before...

[Answer] What is the problem as before?

[Question]<sup>3</sup> Allende in the government with all the existing antagonisms...

[Answer] No, we have to understand this well. The central point is that this is not a tactical ploy to elect a democratic system. I believe in the democratic system; I believe in the alternation of power; I believe in the plurality of parties; I believe in human rights; and I believe in the right of the Chilean Right to expound its points of view.

Now then, if we move into theoretical considerations, with Harold Laski I could say: "The capitalist system necessarily ends up in a dictatorship. Because when through the capitalist system with the natural development of liberal democracy the system sees that this democracy is threatening its existence, it will be prepared to put an end to the liberal democracy, replacing it with an authoritarian system which would maintain the privileges inherent in capitalism." With that criterion, I would have say consequently, I prohibit the propagation of all those doctrines which lean toward capitalism because over the long term they are incompatible with the democratic system.

Obviously that is my truth. And that truth impedes the expression of the truth of another person...therefore, I reject Article VIII of the Constitution...Once when I expresses this argument, it produced great astonishment. Do you imagine me saying that all the businessmen in the Association of Manufacturing Development are exclude from participating in democracy because they advocate a capitalistic system?

In the same way that they feel that everybody who proposes a specific kind of socialism--which basically is nothing more than a call for greater equality and social justice--ought to be excluded, I could excluded all those who think differently. That is a kind of authoritarianism, of dictatorship of ideas, which is inconceivable in the 20th century.

Therefore, when you say: let us get back to the problem as before...No, if I wish I have no difficulty talking about the experience of Popular Unity and what the problems were; however, that is not the subject for today; that is not what is being debated. What I feel is being debated today is how we are to return to a democratic system. And the National Accord has that in its sights.

'Let Us Look Forward'

[Question] How much confidence do you have in your allies of the Right?

[Answer] The Right endorsed by the accord is prepared to accept the fact that the political struggle of ideas in the country has to take place by means of democratic procedures which are set forth in the accord. And, therefore, I have no right to assume any underhandedness. Of course, I have my opinion about what has been the role of that Right in these 12 years; however, I feel that as it was so aptly put by Tencha Allende in a very recent interview: "Let us look forward." This statement having been made by Salvador Allende's widow has more weight than what I have to say.

[Question] It cannot be forgotten that if this regime exists it is because of the antecedent of what Popular Unity was, and the politicians of that government cannot claim to be free of blame by demanding a return to democracy...

[Answer] To answer that question, I have to propose a more encompassing topic, namely: because of the characteristics of the Chilean political system, in the past 15 years efforts were made to find profoundly comprehensive solutions to Chile's problems. Alessandri's conservative solution was tried; the Revolution in Freedom solution of the Frei regime was tried; and the socialist solution through the Allende regime was tried. Of course, the solution that was more comprehensive than all the previous solutions was the neoliberal or monetarist solution of the current regime.

Consequently, the phenomenon of Popular Unity has to be understood within the framework of these comprehensive views which the politicians of the time attempted to implant.

Which we attempted to implant, if you wish to include me; I have no reason to avoid my responsibilities. A comprehensive view of policy which in my opinion is the very negation of policy. When someone says: "I will not change one iota of my program not even for a million votes."

[Question] Who said that?

[Answer] Frei...I feel that this is the most anti-policy demonstration of a program. Therefore, what the different actors had was an extremely comprehensive policy system, and each wanted to apply his model, his solution to what at the time was the Chilean crisis. And that precipitated the collapse of democracy.

That means we are not the only ones responsible. At this point we must have collective recognition of the mistakes all of us committed, causing the failure of the Chilean democratic system.

[Question] Popular Unity was not only a vision; there was manipulation of power; there are concrete facts...

[Answer] What concrete facts? An effort was made to prepare a program with full respect for what the legislation was, with a functioning parliament, with absolute freedom of the press; that is, the rules of the game were maintained in full force and vigor. Let us not fall into the trap of a posteriori legend. In other words, the defect in the Popular Unity government was its

attempt to carry forward an overall vision of society without having the necessary majority. But that same defect was found in Revolution in Freedom, and in Alessandri's government. It was the Chilean political system that was in crisis.

[Question] Were these not the mistakes of men, of those persons who were the leaders?

[Answer] I have no doubt there were mistakes by all of us who participated. What I cannot accept, because it seems absolutely illogical to me, is the supposition that responsibility for the breakdown of the Chilean democratic system was attributable to the actions of Popular Unity. The collapse of the Chilean democratic system was due to the mistakes all of us committed; and in that regard, in many there is a lack of self-criticism. The Left has engaged in a great deal of self-criticism; but I have not seen this in the others. Of course, I have seen much less self-criticism in those who have participated in the current regime and who are not beginning somewhat to wash their hands of the whole business.

[Question] The military coup took place during Popular Unity, not during the governments of Frei or Alessandri...

[Answer] That is because it was the culmination of a process. Because efforts were being made to produce profound changes in Chilean society and special interests always defend themselves. The coup came as the result of a polarization of society, the product of the changes that were being made.

8143/13068

CSO: 8148/0282

ECUADOR

CENTRAL BANK OFFICIAL ON ECONOMY, POLICIES

PA291417 Quito Voz de los Andes in Spanish 1230 GMT 29 Dec 85

[Excerpts] Carlos Julio Emanuel, manager of the Central Bank, has stated that this year the national government accomplished the objectives of its economic policy. This policy, he said, was managed in a coherent, coordinated, adequate, and timely fashion by the Central Bank, the Finance Ministry, and the other state institutions.

[Begin Emanuel recording] As a result of the economic measures that were implemented as of 10 August 1984, the economy improved in the last 4 months of that year. As a result of this, in 1984 GNP grew by 4.1 percent. This is an unconfirmed figure.

According to the initial reports on the GNP for 1985, the growth was to be, as we said in January of this year, 2.5 percent. This was a goal we informed the media and the people about at the beginning of the year. We said that our economy would grow by 2.5 percent. Right now, having more up-to-date figures at hand, we at the Central Bank are in a position to revise the initial estimate and to tell you and the country that we believe that in 1985 the economy grew by 3.2 percent. [end recording]

The Central Bank manager also said that in spite of all the economic measures that the government has had to adopt, it was able to reduce inflation and unemployment, which means that the economic measures that have been adopted have helped the Ecuadoran people.

/6091

CSO: 3348/322

ECUADOR

BRIEFS

SPANISH, BRAZILIAN CREDITS--Acting Energy and Mines Minister Fernando Navarro reported that the Brazilian Government has granted a \$70 million credit for the purchase of equipment to be used at the Paute hydroelectric project. It was also announced that Spain has granted Ecuador a \$165 million line of credit of which \$70 million will be used to finance the construction of phase C of the Paute hydroelectric project and \$95 million will be used for telephone equipment. [Text] [Quito Voz de los Andes in Spanish 2330 GMT 9 Dec 85 PA] /6091

STUDENTS SEEK RESTORATION OF NICARAGUA TIES--The Federation of University Students of Ecuador demanded that the government of President Leon Febres Cordero restore diplomatic relations with Nicaragua, and that the money used to pay the foreign debt be used to meet the people's needs. The Ecuadoran university students also demanded an immediate end to repression, the dismantling of paramilitary groups and death squads, the abolishment of the national security law, and respect for human rights. After analyzing the worsening of the economic, political, and social crisis in Ecuador, the Federation of University Students stated that the severing of relations with Nicaragua was a response to an imposition from the U.S. Government, which used the foreign debt to pressure the Ecuadoran Government. [Text] [Havana International Service in Spanish 0000 GMT 10 Dec 85 PA] /6091

FEBRES CORDERO ISSUES LAW ON PRICING--President Leon Febres Cordero has issued a decree containing rules to be followed in the implementation of the Law on Prices and Quality Control, which is under the responsibility of the Ministry of Industries, Commerce, and Integration. According to this law, that ministry will establish ceiling prices on industrial products sold to consumers as determined by the economic front [not further identified] in a list of goods subjected to the setting of prices, and will also establish a reasonable profit margin for products not subjected to price setting. [Excerpt] [Quito Radio Quito in Spanish 2300 GMT 27 Dec 85 PA] /6091

CURRENCY RESTRICTIONS FOR TRAVELERS--Quito, 30 Dec (AFP)--Today the Ecuadoran Central Bank placed into effect a ruling by which Ecuadoran residents who travel abroad can receive a minimum of \$900 and a maximum of \$1,500, but only once in each calendar year. A ruling by the manager of the Central Bank, Carlos Julio Emanuel, stipulates that travelers to Zone "A," which covers Europe, Canada, the United States, and Japan, can obtain \$50 per day, for a



maximum of 30 days, which works out to \$1,500. Those who travel to Zone "B," which encompasses the rest of the world, can obtain up to \$30 per day for a maximum of 30 days, which totals \$900. Minors under the age of 12 will have the right to request up to 50 percent of these amounts through their legal representative. In all cases the assignment will be granted only once per year, and will be handed over in the international transit halls of the Mariscal Sucre Airport in this city and the Simon Bolivar Airport in Guayaquil, according to the Emanuel ruling. [Text] [Paris AFP in Spanish 1638 GMT 30 Dec 85 PA] /6091

CSO: 3348/322

17 January 1986

GRENADA

## DISSENSION IN RULING COALITION ASSESSED, DECRIED

## NPP Convention

Port-of-Spain TRINIDAD GUARDIAN in English 10 Dec 85 p 5

[Text] St. George's, Mon., (AP): Grenada's ruling New National Party (NNP), holding its first country-side convention since winning an election victory in December, 1984, shortly after its formation, elected Dr. Francis Alexis as its deputy political leader yesterday.

Dr. Alexis, formerly leader of one of the three parties that merged to form the NNP, won by a narrow margin of 176 votes to 167 over George Brizan, erstwhile leader of another of the merged parties.

Dr. Alexis is Minister of Labour and Brizan Minister of Agriculture and Tourism in the Government headed by Prime Minister Herbert Blaize.

Voting results came as a climax to the week of speculation as to which of the two men would hold the until-now vacant post of deputy political leader.

The incumbent is seen as in line almost automatically to succeed Mr Blaize, who is not expected to lead the party at the next general election.

The convention also elected Dr. Keith Mitchell, Minister of Communication, to be General Secretary of the NNP. The functions, until now, had been handled by an ad hoc organising committee.

Mr. Blaize was confirmed as party leader by acclamation, and the party's Constitution was formally ratified.

Earlier in the day, Mr Blaize had attempted to amend the Constitution to provide for two deputy political leaders instead of one, thereby to accommodate both Dr Alexis and Brizan. But the proposal was not passed.

Before the results of the afternoon voting session were announced, Mr. Blaize made another attempt.

## Spillover in House

Port-of-Spain TRINIDAD GUARDIAN in English 12 Dec 85 p 19

[Text] St. George's, Wed., (Cana): Apparent signs of factional bickering within Grenada's ruling three-party Coalition surfaced at the New National Party's first convention last Friday and again yesterday at a sitting of the House of Representatives.

The contentious issue at the convention centred on the election of a Deputy Political Leader, for which Labour Minister Francis Alexis and Agriculture Minister George Brizan had declared their candidacy.

Mr Brizan's National Democratic Party (NDP) and Mr. Alexis's Grenada Democratic Movement (GDM) are in partnership with Prime Minister Herbert Blaize's Grenada National Party (GNP).

Mr. Alexis was eventually elected by a narrow margin of nine votes, after defeat of a move by Mr. Blaize to amend the party's constitution to allow for two deputy leaders in a bid to head off the clash.

Political analysts here had attached much significance to the filling of the post in view of the poor health of Mr. Blaize, the party leader.

The party constitution provides for the election of both the Political Leader and the Deputy at the annual convention.

At yesterday's parliamentary sitting, a question posed by a Government backbencher was interpreted by Educational Minister George McGuire as a possible move to embarrass the Government, in view of what he said were remarks by Opposition Leader Marcel Peters that there were some Government members who can do his job for him.

Mr. Peters is the lone Opposition MP in the 15-member House.

### Cuban Materials

The question by St. George South MP, Mr. Phinsley St. Louis, sought to know if the Government had taken an inventory of the building materials and vehicles left behind by the Cubans at the Point Saline international airport. He also wanted to know the value of the inventory.

Replying on behalf of Construction Minister Dr. Keith Mitchell, who was absent, Mr. McGuire noted: "The question has been put by one whom he regard as a colleague.

"In asking a question, there can be two objectives, one to seek information and the other to embarrass. In this honourable House, there should be no imputations and honourable members will never contemplate that second objective."

Mr. McGuire said he had asked Mr. Peters if he had any questions for the Government at the sitting.

"He assured me there were none as there is no need for him to get up and do his job because there are others who can do it for him," he added.

After the sitting, Mr. Blaize told Cana that in the special circumstances of the Grenada Parliament, the questions by Mr. St. Louis were in order. "Especially in a situation where the ruling party is in such tremendous majority, opportunities are given to backbenchers to raise questions which, normally, would come from Opposition people," Mr. Blaize said, adding that they could provide clarity and information for the public.

#### Attorney General Issue

St Georges THE GRENADIAN VOICE in English 7 Dec 85 p 1

[Text] Lone backbencher, and Deputy Speaker of the House of Representatives, Hon Phinsley St. Louis will put some searching questions to Ministers of Government when the House meets on Tuesday next December 10.

St. Louis will ask the Minister of Legal Affairs:

1. (a) Why is the State without an Attorney General (acting or appointed) as set out in the Grenada Constitution Sect. 70, and how long has this been so?
- (b) Does the Government intend to make such an appointment, and if so, why has this appointment not been made before?
- (c) Will the Minister please further state whether the person to be appointed will be a public officer or will hold the office of a Minister?
- (d) In light of Sect. 59 (2) of the Grenada Constitution, which states that the Attorney General, if a public officer, he shall be an Ex-officio Member of Cabinet, will the Minister please state if he does not consider the fact that an Attorney General has not been appointed and consequently, such an officer if not represented at Cabinet sittings, tantamount to an abrogation to the Grenada Constitution?

He will ask the Minister of Construction

2. (a) Whether an inventory has been done of the building materials and vehicles left on the airport site by the Peoples Revolutionary Government?
- (b) If the answer is in the affirmative, will he please reveal the total value arrived at by such inventory, giving a list of the articles found on the site?
- (c) If the answer is in the negative, will he please state why such an inventory has not been carried out and what is his Ministry's intention,

regarding these very valuable items of building materials which are left lying abandoned and apparently going to waste and for which the people of Grenada must pay?

A third question in three parts in St. Louis' name on the Order Paper deals with Radio and Television. Although the paper doesn't so state, it is expected that the Prime Minister, as Minister of Information will have to answer the question whether government is planning to extend the present broadcasting hours, if so how soon and by how many hours; whether and when the government is planning to reduce the costs of operating the station by allowing the radio to accept private advertisement and when will the transmission of television be available to the Nation.

Generally regarded as a Maverick, St. Louis raises questions that many people would like to know the answers to but he will be stepping out of the accustomed role of a member of the government side of the House which has only one member in opposition.

In this the second session of the third parliament, which was opened by Her Majesty Queen Elizabeth II when she visited on October 31, Prime Minister Herbert Blaize will move a vote of thanks to Her Majesty for her "most gracious speech" and that it be accepted.

#### Lament Over 'Factionalism'

St Georges THE GRENADIAN VOICE in English 7 Dec 85 p 4

[Editorial]

[Text] The atmosphere surrounding the Convention of the New National Party scheduled for this week end is not a healthy one. The intrigue and the internecine struggle which is being waged by individual factions cannot be a happy augury for the party or for the country and we must ask the honourable ladies and gentlemen who will assemble, to have a care and to realise that the whole country is watching them with keen interest and with almost bated breath.

We do expect differences and problems to develop even in the best regulated families and, properly handled, this can even make for a strengthening of the bond when adjustment, often born of compromise in the interest of the common good, is reached. But a special malady seems to affect people who enter politics. Perhaps the taste of power--and in the even less scrupulous the opportunity for gain--goes to their head.

But the men and women of the NNP must understand that these are special times requiring special men--women of stature, integrity, honesty and a willingness to sacrifice self-aggrandisement for good of country.

As we considered the message we need to convey to the party, and its delegates to the convention, at this time, we have canvassed the views of a good

cross-section of people, with some emphasis on the young, and it surprised us not at all to discover how many of them are disillusioned and concerned.

One young man--a former member of the Peoples Revolutionary Army, who liked the 'revolution' for some of its benefits, but disliked the lack of freedom--summed up the situation so beautifully that we nearly invited him to write a guest editorial on the subject. Among the many interesting things he said is that the government needs a breathing space and that there are "too many hands at its throat." Even more interestingly, is the fact that the hands he referred to are those of members of government and the party itself who are engaged in factional struggle when they should be working in tandem for the benefit of the country and the people. He talked of night-time visits of men canvassing for support and he talked of the disappointment of many young people that several old peoples--even retired ones--are being recycled while they hanker for jobs. He talked of many things in describing what he is pleased with and what he is not pleased with, but most of all, in echoing several others, he talked of his concern that the convention should be a success in uniting and strengthening the party so that the government will not be hindered in doing the job it ought to be doing.

The Prime Minister called for peace when he met with his Parliamentarians on Tuesday and it is believed that one of his plans for circumventing the struggle for the Deputy Leadership may be the naming of two or three deputies. A useful device maybe. But does it solve any problems? What is to be hoped is that the convention will indeed rise a united, single party, as our young friend feels it should, and put an end to factionalism for the good of the country.

/9274

CSO: 3298/224

GRENADA

MINISTER CITES 'ILLEGAL ACTIVITIES' AT POINT SALINES AIRPORT

St Georges THE GRENADIAN VOICE in English 7 Dec 85 p 16

[Text] Dr. Keith Mitchell, Minister of Civil Aviation, addressed the Management and staff of the Point Salines International Airport last Friday November 29. The Minister was delighted with the good spirit that existed among the staff.

In the course of his remarks he lauded the efforts of the Management and workers for their dedicated service in their efforts to make the airport one of which all Grenadians can be justly proud. He noted, however, his concern over unconfirmed reports in connection with "illegal" activities at the Airport and hoped that investigations now underway would reveal that these allegations were unfounded. He said that "if, however, they proved to be true, drastic action would be taken against any culprits."

The Minister urged the workers to continue their efforts to improve not only the image of the Airport but of the nation as a whole. With hard work he felt assured that improvements would continue to be made at the Airport bringing it in line with those of other developed nations.

Assurances were given to the workers that everything was being done by his Ministry to ensure the best possible condition for workers at the Airport.

Among those in attendance at the meeting were Mr. Rawle Charles, Chairman of the Grenada Airports Authority and personnel from the Ministry of Civil Aviation.

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CSO: 3298/224

GRENADA

ECONOMIC COUNCIL HELPS LOCAL PRIVATE ENTERPRISE

FL181955 Bridgetown CANA in English 1916 GMT 18 Nov 85

[Text] St Georges, 18 Nov (CANA)--Grenada's newly established National Economic Council is trying to put mechanisms in place to help local residents start their own business, according to Prime Minister Herbert Blaize.

We are going to set up an indepth sub-committee whereby people, who have difficulties because of lack of proper back-up resources, and who wish to enter into business and other private enterprises, could find a means whereby they could be supported to help themselves, he said.

Blaize, chairman of the government-appointed committee, made the disclosure in a weekend radio address. The job of the committee is to devise strategies for putting the national economy on a sound footing. It comprises representatives of the public and private sector and the Trade Union Movement.

Calling the move a positive step, Blaize said that by the time the programme was formulated, there would be a sound strategy in place for the economic development of Grenada.

Blaize, who was leaving here today for the annual Miami Conference on Trade and Investment in the Caribbean, also spoke about a report presented by a group of experts on the 1974 Independence Constitution.

He said the government had circulated copies of its various ministries, and hoped to shortly put others on sale for the public.

The commissioners have recommended a return by Grenada to the Eastern Caribbean Supreme Court, to which it belonged until shortly after a 1979 leftist coup, the creation of a public service ministry, and the reintroduction of local government.

Blaize said, too, that a report by a team of British consultants on the public service was being studied by the various ministries, and we hope to have this already put together in time for reflection in the next budget, whenever it is presented.

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CSO: 3298/224



GUATEMALA

ECONOMY VICE-MINISTER EXPLAINS NEW TARIFF AGREEMENT

Guatemala City PRENSA LIBRE in Spanish 6 Oct 85 p 24

[Article by Alvaro Galvez Mis]

[Text] The new agreement on the Central American Tariff and Customs System will soon come into effect, because in addition to having been approved by the governments of the region, it marks the definitive beginning of the restructuring of the Central American Common Market (MERCOSUN), said Mr. Cesar Alcides Soto Rodas, vice-minister for Economic Integration.

Soto Rodas has been working for several years on the economic aspects of integration. He has taken part in drawing up the mechanisms which make up the new tariff agreement, which was to have gone into effect on the first of October, but remained in abeyance when it was not endorsed by the legislatures of El Salvador and Costa Rica.

Mr Soto declared that the importance of this new tariff agreement was demonstrated when the countries recognized the need to overhaul the present tariff system, which is obsolete in many ways.

"It should also be recalled that up to now the industrial development of the country took place based on a system of tariff classifications, which among other purposes had the aim of granting tax exemptions for businesses.

That system, called the Central American Agreement on Tax Incentives for Industrial Development, has lasted for more than 25 years, and the governments have recognized that these mechanisms have not succeeded in producing high rates of efficiency into the country, especially for competing in international markets.

Thus a more modern system was chosen, a more rational and realistic one; and this relates to tariff protection, which operates through the establishment of customs duties, which are greater or smaller depending on what is being protected; that is, on what is produced in the area.

In accordance with the basic agreement of the new Tariff and Customs System, the new regulations should have gone into effect on the first of October. Our country complied with all the formalities, with all the conditions, so as to put that new system into effect.

I would like to be emphatic about this, because our country had already sent the appropriate documents to the national Press to be printed. One day before the system was to go into operation, we received official communications from Costa Rica and El Salvador to the effect that these countries were facing serious difficulties of a legal nature.

The national assemblies of these countries had to resolve certain legislative procedures before they could approve the document to go into effect on 1 October.

These procedures will cause a delay of a month, more or less. In El Salvador it is anticipated that they will be able to approve the documents before 15 October, but in the case of Costa Rica it could take a little longer.

The immediate effect of this is that it is not being applied as was established in the prevailing international agreement. As a logical result the tariff agreement which was in effect up to 30 September is continuing to be applied.

That is the situation as regards the tariff system; but since the new system had invalidated the Agreement on Tax Incentives for Industrial Development, then a new legal situation has arisen which needs to be resolved.

Which system will be applied to protect established industry? On the one hand there is no tariff protection, and on the other the tax incentives had been cancelled.

The countries have chosen the formula of postponing the incentives in question until such time as the new tariff agreement comes into effect. Our country has done this through a decree which was issued last week: that is, the incentives system which was in force up to 30 September will remain in force until the new system is adopted.

#### Benefits of the System

The incentives system possesses a number of tax benefits. Perhaps the most important one deals with the exemption from import taxes on raw materials, machinery and equipment which companies buy outside the area for use in their production.

Others are income tax deductions, preferential legal treatment, and guaranteed access to Central American free trade.

The new system totally eliminates the system of tax incentives, so that when it goes into effect the exemptions system will no longer exist--at least for the manufacturing industry which has access to the MERCOMUN.

There are always some industries of national concern, typically those involving exports, which are not affected by the new system, because they continue to follow their own legal system.

As for the majority of the industries which were classified under the tax incentive agreement, they all lose the benefit of exemption; but although this protection is taken away from them, it is replaced by the tariff protection which the new tariff agreement entails.

The new regulations provide for fixing a high import tax on goods which are produced in the region, so as to prevent foreign competition; but on the other hand, a very low import tax is placed on goods that are not produced here, especially on raw materials for the essential or strategic items which the countries need.

In the first case, for example, there is the protection of a 100 percent tax on the importation of readymade clothing. However, the tax is barely 5 percent on the importation of the basic raw material to produce the fiber.

The new tariff benefits businesses in the area because it is of a strictly pro-development nature. It promotes industrial development, but coordinates tariff protection with tax impact: that is, the new tariff anticipates the necessity on the part of countries for adequate tax receipts. In addition, the new protection also is reasonable, in the sense that it takes into account the interests of the consumer.

As of now there are no studies which measure the exact tax impact of the tariff; however it is predicted that it will collect at least the same amount of tax revenue as is now being collected."

Mr Soto Rodas thinks it is feasible that the new tariff will be put into effect soon, because it means the definitive start of the restructuring of the MERCOMUN. All the countries are interested in it, he said, and all the private interests have stated their support for the system.

What now remains to be overcome are the legal difficulties which have been confronted. In addition to this, it would be advisable to take advantage of the time which will elapse between now and the possible date when it comes into effect to finalize the series of documents which supplement the tariff and which still have not been approved--such as the uniform customs code for the area, the regulations regarding the flexibility of the system, the safeguard clauses, etc.

The tariff agreement will take exemptions away from all the businesses which sign the respective agreement, whether national or based on foreign capital.

8131/12947  
CSO: 3248/63

GUATEMALA

BRIEFS

CHIXOY UNDAMAGED BY QUAKE--Guatemala, 14 October. The most costly electrical generation and distribution system in the country, which it is hoped will be a lifesaver for the electricity crisis which Guatemala is experiencing--the Chixoy hydroelectric plant--is undamaged after the strong earthquake which shook the region where it is located. The Chixoy hydroelectric plant, which takes its name from the river of the same name, lies 50 kilometers to the east of the location of the quake, which devastated the town of San Miguel Uspantan and had its epicenter in the very same area. However, shortly after the earthquake occurred--which was classified as "strong" by experts, and as a major quake by the capital's journalistic media--a meticulous inspection was carried out all through the hydroelectric plant, and it was established that there had been no damage. Later, personnel of the National Institute of Electrification (INDE) used this past weekend to verify "in situ" that there had been no damage of any kind. Another body which clearly established that there are no signs of damage is the Institute of Seismology, Vulcanology, Meteorology and Hydrology (INSIVUMEH), whose personnel also looked over the installations of the hydroelectric plant. On this topic, engineer Estuardo Valasquez, its director, explained this noon that everything is in order in Chixoy, and that the quake, even though its epicenter was only 50 km from the hydroelectric installations, did not cause any damage. "It is natural for doubts and fears to arise in these cases," he added, "but after the final tests it was established that everything is in order in the big hydroelectric complex." Finally Valasquez announced that there is no evidence that the earthquake has caused the slightest damage in the area, and there is no need to fear for the future of those installations. [By Ricardo Gatica Trejo] [Text] [Guatemala City EL GRAFICO in Spanish 15 Oct 85 p 3] 8131/12947

REFUGEES IN MEXICO--(Tapachula, Chiapas, Mexico) Yesterday the former president of Guatemala, Dr Julio Cesar Mendez Montenegro--now our ambassador in Mexico--said that the influx of Guatemalans who were arriving in this country in the capacity of refugees has been checked by 100 percent. The ex-president made this statement to PRENSA LIBRE shortly after the conclusion of the meeting between the Chief of State, General Mejia Victores and the Mexican president, Miguel de la Madrid. He said that according to reports furnished by Mexican institutions the number of refugees totals more than 40,000 persons, who will be able to return to Guatemala any time they wish, since the government is furnishing them every kind of cooperation so that they will be able to settle down and take part in the nation's development. "General Mejia," Dr Mendez emphasized, "is working out a policy which loosens restrictions,

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with the sole purpose of promoting democratization. Talks being held with the United Nations High Commission for Refugees (ACNUR) and with the International Red Cross, so that our fellow countrymen who are still here may return voluntarily to their native towns or to the so-called development centers, where numerous peasant families who once suffered because of the conditions of violence have already been resettled. Dr Mendez acknowledged that many refugees are being removed from the frontier with Guatemala as had been agreed. The former president denied that the Guatemalans had come to Mexico because of alleged persecutions by armed men in the service of the authorities. "The violence has affected everyone," he emphasized, "and many times that is what obliges the peasants to emigrate. Now they are being given the cooperation they need so that they can return to Guatemala." [By Alvaro Galvez Mis] [Text] [Guatemala City PRENSA LIBRE in Spanish 19 Oct 85 p 7] 8131/12947

NEW UNION FEDERATION--Yesterday a number of the country's union leaders meeting in a national assembly, agreed to set up the (FENAT) National Federation of Workers, with the purpose of seeking just, democratic and adequate solutions for their mutual benefit, in view of the difficult conditions which Guatemalans are experiencing. The emergency meeting took place in the morning in the auditorium of the Guatemalan Institute for Studies and Social Training. (IGEFOS), where the union leaders analyzed and discussed the economic and social problems which the workers and people in general are facing. Among those present were: representatives from the unions or PRENSA LIBRE workers, from the Kern factory's annexes and connections, of workers in airline services and connections, from the Palo Gordo mill, of peasants from the La Esperanza estate, National Autonomous Union of Peasants, National Committee of Postal Employees, United Newsvendors of Guatemala, etc. Among some of the topics taken up during the meeting was how to keep a close guard over their interests, and at the same time preserve and strengthen the workers' movement. Also discussed were the problems which are being experienced daily in the loss of the real buying power of wages in view of the unrestrained rise in prices of basic articles. Finally, after analyzing the situation, we agreed to set up the National Federation of Workers (FENAT), composed of the union organizations there present. They issued a call to the whole working class of the nation and democratic sectors to join that movement. [Text] [Guatemala City PRENSA LIBRE in Spanish 6 Oct 85 p 4] 8131/12947

CSO: 3248/63

GUYANA

# HOYTE CHARACTERIZES THRUST OF NEW ADMINISTRATION

Port-of-Spain EXPRESS in English 17 Dec 85 p 59

[An incomplete version of this item appeared on page T1 of the Latin America DAILY REPORT, FBIS-LAM-85-242, of 17 December 1985]

[Text]

GEORGETOWN, Monday, (CANA) — Guyana's President, Desmond Hoyte, has listed rehabilitation of business plants, machinery and equipment among his government's priorities.

Addressing a victory rally in Georgetown last night, the London-trained lawyer said the need to upgrade infrastructure was very urgent and vital.

"Guyana is poised for a great movement forward," he told the rally, which was also to celebrate the 21st anniversary of the PNC in government.

He also told a crowd estimated at between 12,000 and 15,000 that the immediate task of the government was to put the country "on a strong institutional basis".

Hoyte, who took over last August when President Forbes Burnham died and led the People's National Congress (PNC) to a landslide victory in the December 9 general election, underscored the need for beefing up Guyana's troubled economy.

He linked economic progress to discipline, warning state-paid workers that there was no room for "arrogance, being discourteous, and showing other ugly tendencies in place of service to the people".

On the government's

ceed within a framework of due regularity."

President Hoyte warned that slackness would not be tolerated in the government system. "We will not have casual behaviour. We will not have irregularity," he told the gathering.

Hoyte said that progress could be made only if Guyanese are prepared to be "disciplined and methodical in their approach to work and to the task of development", adding that public sector workers need to understand they have a duty of punctual attentiveness to their work and prompt, courteous and efficient service.

plans, he said: "The immediate task of the government is to put the country on a strong institutional basis, ensuring that we put in place or strengthen as needs be our systems, our procedures and our rules."

"We must ensure that there are clear lines of authority," he added, "and proper accountability, so that as we proceed with the various tasks of nation-building, we pro-

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CSO: 3298/225

GUYANA

# TEN CHURCHMEN CRITICIZE KIRTON'S ELECTION COMMENTS

FL190020 Bridgetown CANA in English 1851 GMT 19 Nov 85

[See also Latin America DAILY REPORT FBIS-LAM-85-227 of 25 November 1985 p T 2]

[Text] Georgetown, 19 Nov (CANA)---Ten concerned churchmen have criticized the general secretary of the Caribbean Conference of Churches (CCC) for comments he made on the forthcoming Guyana general elections.

In an election message published in the CATHOLIC STANDARD, the Reverend Allan Kirton saluted the strong faith and positive leadership of the (Guyana) churches and commended them on their objectivity even under stress.

Kirton said that while recognizing the token (electoral) reforms of President Hoyte, he saw the elections as a chance to redeem the Guyana Government in the eyes of the world as regards to the very negative image of its record in the area of free and fair elections.

The 10 churchmen, speaking in their personal capacities protested the officiousness of Kirton and prayed that he and other men of his kind...mind their own business. They are ministers and lay members of the Anglican Congregational Episcopal Church, African Methodist (AME Zion), the Guyana Missionary Baptist, the Ethiopian Orthodox, and the Congregational Union Church.

Last year, when a group of concerned churchmen surfaced to protest developments within the Guyana Council of Churches (GCC), its members were linked with the governing People's National Congress (PNC).

The message from Kirton, which was directed to GCC members, added: Pray that (1) The election commission may be restored to its full constitutional role in the preparation for and conduct of the poll, (2) The ballot boxes be kept in view of opposition party scrutineers from the beginning of the poll until the end of the count; and (3) The army should not intervene in the electoral process.

The messages also looked ahead and hoped that a new government would give priority to redressing backward economic trends and to improving social services in Guyana.

A statement from the 10 members said: As members of the GCC, we wish to say that there certainly are churches which are members of the GCC, but which are unaware of their being under any stress, and cannot therefore welcome solidarity and support proffered on that mischievous basis.

On the contrary, as Guyanese citizens, we are pained by what in reality is nothing but presumptuous interference in the internal affairs of our country.

The absurdly condescending haughtiness of Kirton's language does not make the ugliness of his act any less offensive.

The churchmen said that elections in Guyana are no concern of Kirton or his organization. These are matters for the Guyanese people the statement said. It said Kirton is misinformed and is being used to peddle adverse propaganda against Guyana.

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CSO: 3298/225



GUYANA

DETAILS OF UPCOMING SOVIET TRADE MISSION'S VISIT CITED

Port-of-Spain TRINIDAD GUARDIAN in English 17 Dec 85 p 5

[Text]

MOSCOW, Mon., (AP):

A SOVIET trade delegation will visit Guyana in January, for talks on long-term delivery of bauxite to the Soviet Union and other matters, Tass announced today. Guyana, on the northern coast of South America, is rich in bauxite, which is used in making aluminum.

The Tass announcement was made in a story reviewing 15 years of diplomatic relations between the two countries. In 1978, Guyana Prime Minister Forbes Burnham visited Moscow.

"In the past 15 years, the two countries have created a broad treaty and legal basis for a further development of relations," Tass said. It said each country had granted the other most-favoured-nation trading status.

In addition, Tass said, the countries had signed a protocol providing for Soviet shipments of machinery and equipment, and contracts had been concluded for the delivery of Soviet tractors, a passenger plane and an unspecified number of MI-8 attack helicopters.

**BARTER BASIS**

"Guyana will pay for them with bauxite. In other words, on a barter basis, which is especially important for that country, which is experiencing acute shortage of foreign currency," Tass said.

"The coming visit to Guyana in January, 1986, of a Soviet Government trade and economic delegation will promote a further expansion to conclude a long-term agreement for 1986-1993 on the deliveries of bauxite to the USSR."

Tass did not say who would lead the delegation.

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CSO: 3298/225

GUYANA

BRIEFS

SUGAR PRODUCTION PROBLEMS--Georgetown, 19 Nov (CANA)--Industrial action stemming from a number of grievances continues to hamper sugar production in the second crop, which is running below target. According to union officials, workers are unhappy about lowered rates for cutting canes--a move instituted by the state-owned rates for cutting canes--a move instituted by the state-owned Guyana Sugar Corporation (Guysuco) to reduce operating costs. Weeding gangs--responsible for clearing the cane plants of weeds and grass--have also been off the job. At one estate, 100 workers went on strike at the weekend to protest the dismissal of three workers after the disappearance of a microscope from the estate's laboratory. A spokesman for the Guyana Agricultural Workers Union (GAWU) said the union felt the police should have been called in to investigate the matter, instead of estate management dismissing the workers. GAWU is seeking the immediate reinstatement of the three men and a proper investigation into the alleged theft. Production during the first week of November amounted to 6,170 tons, 77 percent below target, Guysuco said. [Text] [Bridgetown CANA in English 1931 GMT 19 Nov 85 FL] /9274

MCDavid IN ZAMBIA--Georgetown, 9 Nov (CANA)--Elvin McDavid, adviser to late President Forbes Burnham, has been appointed acting high commissioner to Zambia, it has been officially announced. The Foreign Ministry said the high commissioner to Zambia for the past three years, Kenneth Short, was being recalled. It gave no reason for the diplomatic change. McDavid is a former information minister. Meanwhile, President Desmond Hoyte has appointed Halim Majeed as chief political adviser in the president's office. [Text] [Bridgetown CANA in English 2016 GMT 9 Nov 85 FL] /9274

CSO: 3298/225

HONDURAS

REPLACEMENT OF COMMANDER MARTINEZ AVILA SAID DUE 19 DEC

PA162236 Tegucigalpa Radio America in Spanish 2052 GMT 16 Dec 85

[Text] Honduras usually rotates officers in the top posts this time of the year. However, Radio America has been told by a reliable military source that Colonel Roberto Martinez Avila will be replaced on Thursday as commander of the Public Security Force [FUSEP], which is the police unit within the Armed Forces, by Colonel Diego Landa Celano, who is currently working in the administrative staff of the Honduran Army.

The replacement of Col Roberto Martinez Avila has surprised military and political circles as well as other circles in the country since Col Martinez Avila was one of the main participants in the ousting of General Gustavo Alvarez Martinez. A personal friend of the incumbent president of the Republic, Col Roberto Martinez Avila has been considered one of the strongmen of the current military structure. Col Roberto Martinez Avila might be appointed to another post within the military institution.

However, the reliable source that gave us the report assured us that Col Martinez Avila will be dismissed from the Honduran Army, something which Radio America has not been able to confirm. However, we can state that he will be replaced as FUSEP commander, and that he has already been given a document on his replacement and has been notified that Col Diego Landa Celano will take over on Thursday.

This is a last minute report by Radio America.

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CSO: 3248/122

NICARAGUA

PSD SECRETARY GENERAL ON FOREIGN DEBT

Managua LA PRENSA in Spanish 8 Sep 85 p 8

[Text] The foreign debt problem must be analyzed realistically. The creditors are just as guilty as the debtors. The creditors for granting the loans in an irresponsible manner and the debtors for requesting the loans without planning. It is therefore a problem of mutual responsibility, according to the secretary general of the PSD [Social Democratic Party], Dr Luis Rivas Leiva.

Addressing the problem within the Central American context, as we should, we actually have three foreign debts: one with the FMI [International Monetary Fund], one agreed upon bilaterally with other countries, and one with the countries of the Central American area.

Therefore, Dr Rivas Leiva said, measures to resolve this serious problem should be directed at these three creditor groups. This explains why almost none of the countries accepted the demagogic position taken by Fidel Castro, of not paying the debt.

The impossibility of paying our debt under the assumed commitments is compounded by the crisis in the world market in which we trade, by the economic crisis of the most-developed Latin American countries, and by the crisis of each of the Central American countries.

If we go back to 1973 and 1978, Dr Rivas Leiva said, we can see that the oil price adjustment contributed, to a large extent, to the aggravation of the problem which, in addition, was unexpected and therefore not considered in projections.

As a result, in 1978, international banking had a great amount of money available for loans and we fell into the temptation of obtaining quick and easy loans.

The per capita debt in Central America is impressive: Guatemala, for example, has \$200, Costa Rica has \$1,600, and Nicaragua's debt is not even known because we do not have the exact figures of its debt with the socialist countries.

A reporter for DIARIO DE LOS NICARAGUENSES asked Dr Rivas Leiva what, in his opinion, would be the solution.

The Social Democrat politician replied: "Well, it would be wrong to state categorically that non-payment is the solution. It would be a brazen action attesting to an incredible political ignorance by a political leader. Not to pay would be tantamount to never again obtaining a loan from anyone. In other words, it would mean ceasing operations and it is obvious that we need new money."

Perhaps the solution can be found, Dr Rivas Leiva said, in the South American proposal for a trusteeship to which we would be indebted. to which we would make payments, and with which we would agree to new payment rules, inasmuch as the IMF adjustments are unpopular and acceptance of its adjustments would be ruinous.

We must work out schedules and measures, adjustments that make payment possible with the least social and economic impact. Another possibility, Rivas Leiva added, would be the creation of a new branch of the IMF and the World Bank, with new rules, with selective loans, and with realistic arrangements.

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CSO: 3248/28

NICARAGUA

# STUDENT MOBILIZATION ORGANIZED FOR COFFEE HARVEST

Managua BARRICADA in Spanish 26 Sep 85 p 8

[Text] More than 18,000 secondary and university students will be mobilized this year throughout the country and assigned to Student Production Battallions (BEP) to make sure that the 1985-86 coffee harvest is accomplished, according to Martina Porta, media representative of the Sandinist Youth.

The Federation of Secondary Students (FES) will organize 15,450 of the 18,000 BEP members, while the UNEN [National Union of Nicaraguan Students] will again mobilize the 23 July Heroic Youth Contingent, to be manned this year by 2,500 university students.

Martina said that "university and secondary students will be assigned to the northern area, while first-year students will harvest coffee in the 'El Crucero' area."

Alma Nubia Baltodano, national president of the FES, said that "this student mobilization for production responds to the needs of the country and it is accepted as a rearguard action in defense of the homeland, which will not affect the academic program, unless an emergency situation should come up beforehand."

She added that the BEP will be organized in three stages beginning this month and through November, followed by the mobilization and harvesting stages.

She pointed out that a proposal on the distribution of battalion members will be presented in the next few days to the MIDINRA [Ministry of Agricultural and Livestock Development and Agrarian Reform], in which 5,000 would be mobilized for Region VI, 4,000 for El Crucero Area, 4,500 for cotton harvesting and 2,650 for the coffee area in Carazo and Mombacho in Region IV.

She said that just as last year, the UNEN will guarantee the mobilization of more than 50 medical students to care for the harvesters. She added that "the manpower shortage is an objective necessity and as students we must respond to it."

### Traditional Manpower Needs

Julio Munoz Peralta, in charge of the coffee section of the ATC [Association of Agricultural Workers], said that traditional manpower needs on the national level call for 30,000 workers, which break down into 5,000 for Region I, 2,500 for Region III, 3,619 for Region IV, 750 for Region V, and 19,000 for Region VI.

He said that in addition to these needs, 14,000 regular workers are employed in pre-harvesting activities.

He said that this year the ATC has the goal of improving human and material resources as well as productivity. He pointed out that "last year average productivity was 4.6 cans and we are proposing 5 cans for this year."

Munoz said that "participation has dropped because special wages for the harvest season have not been established, as had been done previously." He added that "the ATC has proposed that wages should correspond to the importance of the crop and the efforts made by the workers."

He said that just as higher coffee prices are recognized, so must higher wages be considered. He said that Ministry of Labor analyses often do not conform to the socioeconomic realities of the countryside. For example, he said that last year's projections called for 17.50 cordobas but 25 and as much as 30 cordobas were paid.

He said that after consulting with field workers, the ATC proposed that the aforesaid ministry set a wage of 60 cordobas a can during the harvesting and 70 cordobas a can for depulping or bean sorting [repela o graniteo].

He said that "this year's goal is to make 85 percent of the production of exportable quality," and he added that other problems that must be addressed concern the supply of products, price control, camp sanitation, and a guarantee of a nutritional diet, in accord with availabilities in the area and MICOIN [Ministry of Domestic Trade].

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CSO: 3248/28

PARAGUAY

FOREIGN MINISTER ADDRESSES OAS MEETING

PY051732 Asuncion HOY in Spanish 5 Dec 85 p 12

[Text] Paraguayan Foreign Minister Carlos A. Saldivar at length referred to the Paraguayan position regarding the study and eventual modification of the OAS Charter and to the Paraguayan situation when he addressed the 14th OAS special session in Cartagena de Indias.

At the beginning of his speech he said: "My country is aware that in this changing world, where events are continuously happening, there are greater collective efforts that are capable of solving the problems that are affecting this region through dynamic mechanisms. Although it is true that our current OAS Charter and its basic instruments are effective in their commitments, they can nonetheless be improved and updated."

He added: "Thus, through certain modifications we would be able to give our organization greater political importance to focus regional talks and agreements to obtain a smoother exchange in specially political and economic fields. In this manner there will be greater opportunities to carry out collective negotiations with the more developed countries to try to cover trade barriers and to allow us, through producing in our own countries, to develop large unexploited zones of our continent."

Saldivar said that "the OAS is the only organization capable of fulfilling the aspirations of our peoples. Perfecting it should consequently be the goal toward which all the political organizations of the OAS member countries should aim in keeping with the principles established by our charter."

He also said that "ratifying its traditional position," Paraguay has always been characterized by a clear and firm foreign policy inspired by the essential interamerican principles.

"We believe in human dignity, and we reject any form of totalitarianism or ideology that denies the exercise of the fundamental rights of man. In my country all the citizens exercise their rights as long as they respect our constitution and laws. The fundamental objective of our government led by General of the Army Alfredo Stroessner is to maintain peace. In this atmosphere of peace, plans to greatly improve the well-being of the Paraguayans are being carried out," the minister said.



Saldivar stated that "the Paraguayan Government respects human rights. There are no concentration camps in Paraguay, or special courts, or any place for banishments apart from those established by the law for common criminals. We can say with legitimate satisfaction that we have no political prisoners and the rights and guarantees offered by our constitution, which was approved at a convention with the participation of our four legal political parties, are safeguarded by a government that has managed to consolidate democracy through peace and progress and respect for the guiding institutions."

Finally he said: "My country has always expressed its strong rejection of terrorism whenever this subject has been discussed in any international forum where it has a voice."

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CSO: 3348/324

PARAGUAY

POLITICAL OPENING SEEN IN MULTIPARTY GROUP

PY281751 Paris AFP in Spanish 0250 GMT 28 Dec 85

[Text] Asuncion, 27 Dec (AFP)--In 1986, leaders of the ruling Colorado Party and of the opposition Liberal and Radical Liberal Parties--the only ones represented in Congress--will announce the forming of a multiparty group as a first step toward democratic normalization in Paraguay. This was revealed today by sources from these parties. The sources explained that in the future, the multiparty group will admit parties now excluded from the political process because they are proscribed by General Alfredo Stroessner's government.

The three parties that make up the majority and minority benches in Congress--Colorados, Liberals, and Radical Liberals--would thus respond to the general uneasiness among the various trends of opinion in the country, which have asked the Catholic Church to mediate for the initiation of a dialogue for national reconciliation, the sources said.

The leaders of the four illegal parties that form the so-called National Accord have expressed pessimism about the success of the contacts the Catholic Church has promised to make with the government but they have said that the fact that Colorado Party Vice President Ruben Stanley has said he favors the project is promising.

Stanley told newsmen this week that his party will raise no objections to joining a national dialogue with all social and political sectors, as preferred by the church, but he made it clear that the ruling party will not accept revanchism, malice, or hatred.

According to the opposition, the first step of forming a multiparty group among the three parties represented in Congress would be the basis for a softening of the rigid structure maintained by the regime for 31 years. Dialogue with the opposition may serve to close the ranks of the traditionalist sector of the Colorado Party, which dominates the leadership of the party. Its unity is threatened daily by division among its leaders as a result of the polarization of forces between the traditionalists and the so-called militants, according to political commentators.

Ruben Stanley clearly stated that the confrontation with the opposition will serve to measure the strength of the Colorado Party, which can then take measures to allow the party to continue at the forefront of political activity.

By participating in and demanding from the ruling party the admission of the outlawed opposition, the opposition in Congress--the collaborators, according to the National Accord leaders--may gain the forgiveness of the outlawed opposition and the possibility of again being elected in case of open, democratic, and unrestricted elections.

For the opposition grouped in the National Accord--the Febrerista Revolutionary Party, the Christian Democratic Party, the Authentic Radical Liberal Party, and the Colorado Popular Movement--entry into the multiparty group and the dialogue with the ruling party will mean that they will be on the political stage for the first time in decades, if they are really able to act freely in active politics.

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PARAGUAY

# COLORADO PARTY CLARIFIES POLITICAL OPENING

PY281955 Asuncion LA TARDE in Spanish 28 Dec 85 p 15

[Text] Pedro Hugo Pena has told this newspaper that the Colorado Party is not willing to talk with the political parties which have not been legally recognized. Pena who is the Colorado Party political secretary pointed out that the talks can only be held with the recognized parties and that contacts and the exchange of ideas are already taking place in Congress.

Pena made this statement in reference to the recent comments by Ruben Stanley, the vice president of the Colorado Party, who expressed his party's predisposition to talk with the various civic organizations of the country "to think about the real problems affecting the country."

Stanley had said to LA TARDE that in order to hold a dialogue it is necessary not only to have good planning, but also to put aside hate and feuds. He also pointed out the possibility of a rapprochement among political parties in view of the civic maturity and cultural progress of the people which make conditions favorable.

Pedro Hugo Pena categorically denied that the idea of political dialogue is linked with the initiative sponsored by the National Accord to promote talks through the Catholic Church. He said: "The church is involved in other matters and is abstaining from this issue."

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PARAGUAY

CHURCH PRAISES LEGAL ACTION AGAINST CORRUPTION

PY081909 Asuncion EL DIARIO in Spanish 7 Dec 85 p 17

[Excerpts] Under the title of "Catastrophes and Catastrophes" the press office of the Asuncion Archbishopric released a document regarding corruption cases. "Fortunately"--it states--"honest judges are hearing the cases resulting from these catastrophes." The text of the document follows:

1. The reports and descriptions of the catastrophes that recently hit Mexico, Colombia, and Argentina as well as others in different parts of the world, have made a deep impression throughout the world. Uncontrollable, blind forces of nature have caused death, panic, and extensive property damage. No one is responsible for these calamities and damages.

Similar catastrophes occurred in Paraguay: Robberies, frauds, smuggling, drug trafficking, etc., which have greatly harmed the state and the people. However, people are responsible for these calamities. They are those who, having the advantage of holding important administrative positions, have abused the trust placed in them. They have deceitfully and treacherously acted with premeditation, disguised as honorable citizens...

2. Through the media, we follow daily the spectacles presented by the madness of corruption. We witnessed similar spectacles in the recent past, without ever being able to see their final outcome as if the curtain fell before the conclusion of a theatrical performance... One calamity comes after the other. Where will the next one come from? How long will this continue?

The Paraguayan Episcopal Conference made an urgent call in June 1979 and said: "The growing frequency with which criminal actions follow one another and the way those responsible for them remain unpunished, the growing permissive and resigned attitude of the public, should alarm everyone, especially those Christians who wish to be the moral conscience of society."

This was announced 6 years ago, in 1979, when there were evident signs of corruption. Nothing was done, because nothing could be done or because no one wanted to do anything.

3. Fortunately, honest and honorable judges are now examining these calamities to identify the criminals and punish them in accordance with the law.

Concerning the punishment, the people have usually demanded "exemplary" action, to serve as a lesson for the future. To do this, it is necessary to bring everyone involved before the courts: from the hidden boss or godfather to the agent who committed the crime. It is necessary to corner all the accomplices. It would be very deplorable if only the "useful idiots" were punished, although no one seems to be an idiot.

The punishment should also include imprisonment, removal from office, the return of the total amount that was stolen--let us call a spade a spade--and compensation for the material and moral damages inflicted on the state and the people. All property owned by those who are guilty must be returned to the state, to the people, if no reasonable justification can be found for the ownership of that property.

God supports the judges who strive for good and justice (Math. 5-10) and the people will always support and respect them. They must be incorruptible, independent, courageous, and they must have great faith in God.

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PARAGUAY

BRIEFS

**SOCIOECONOMIC PLANNING OFFICE SECRETARY**--The executive branch has appointed Dr Fulvio Jose Monges Ocampos executive secretary of the Technical Secretariat of Social and Economic Planning of the presidency. He will replace Dr Federico Mandelburger, who is now serving on the Central Bank executive board. [Summary] [Asuncion HOY in Spanish 16 Nov 85 p 8 PY] /6091

**POLICE BAN METAL WORKERS ASSEMBLY**--The ordinary assembly for the Union of Metal Workers and Related Trades (SINOMA) could not be held last Friday as planned because of a police ban. The assembly was scheduled for 2000 at the Domingo Savio parish in Fernando de la Mora but it was banned by uniformed policemen who followed orders from civilian agents. The union officials were told that "on order from the top," the assembly could not be held because a permit had not been secured. Because of the problems encountered, the SINOMA Executive Committee released a communique, which in part said that "SINOMA denounces that once more the rights of the workers have been trampled in violation of clear legal provisions in the National Constitution and international conventions ratified by our country, provisions that guarantee freedom of association and assembly for the workers. The actions we denounce contradict the guarantee workers must have to fully exercise their rights, just as they contradict the request from the Labor Directorate that our assembly be held in December." [Excerpt] [Asuncion LA TARDE in Spanish 23 Dec 85 p 23 PY] /6091

**EXILE'S ATTEMPT TO RETURN HOME FAILS**--Buenos Aires, 26 Dec (TELAM)--The Paraguayan Authentic Radical Liberal Party committee in exile headquartered in this capital today reported that its first vice president, Domingo Laino attempted to return to his country on 23 and 24 December through the Clorinda-Puerto Falcon checkpoint and was turned back by authorities. The political group that opposes General Alfredo Stroessner's regime issued a communique stating that, hoping to spend a Christmas with his family and for a democratic Paraguay, Laino attempted for the fourth and fifth times to return to his homeland but was harshly turned back on orders from above. [sentence as received] The communique, which is signed by Cesar Benitez and Silvio Velazquez, president and secretary of the committee respectively, denounced the violation of human rights and constitutional provisions by which General Alfredo Stroessner's dictatorship once again proved that it is a totalitarian regime. [Text] [Buenos Aires TELAM in Spanish 2112 GMT 26 Dec 85 PY] /6091

NEW MILR LEADERS--Disregarding police prohibition, the Liberal Radical Integration Movement [MILR] held its convention, scheduled for 24 November, in a private house. After listening to different opinions, the participants of the convention reelected Blas Manuel Mangabeira as head of the movement. Other members for a 6-month period are: Castulo Franco, Francisco Servian Ovelar, Colonel Alcibiades Irrazabal, Luis Alberto Kallsen, Carlos Doldan Riego, Julio Cesar Franco, Juan Gonzalez, Blas Victor Aquino, Diogenes Narvaez, Omar Soca, Manuel Mosqueira, Percio Franco, Francisco Rivarola, Palermo Canete, Reinaldo Ovidio Ferreira, Alcibiades Krause, and Rogelio Roman. Regarding political guidelines, the MILR stressed its struggle for the unity of the Liberal Party and a better planned action for the achievement of the objective. [Summary] [Asuncion ULTIMA HORA in Spanish 23 Nov 85 p 10 PY] /6091

MENDEZ FLEITAS DIES--News reports coming from Buenos Aires state that Epifanio Mendez Fleitas, former member of the Paraguayan Colorado Party in Exile, has died at 66 after a long illness. Mendez Fleitas was a member of the National Republican Association in Exile, an organization created after his expulsion from the country toward the end of the 1950's. It has been revealed that Osvaldo Chavez, another Paraguayan political leader in exile, will remain leader of this organization. Mendez Fleitas held important posts within the Colorado Party before his expulsion, including the presidency of the Central Bank and also head of the Asuncion Police. [Summary] [Asuncion HOY in Spanish 23 Nov 85 p 11 PY] /6091

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## 5 GIVE OPINIONS ON EFFECTS OF LOWERED INFLATION RATES

Lima CARETAS in Spanish 11 Nov 85 pp 68-69

[Text] After climbing to a monthly average of 11 percent, inflation dropped to 3.5 percent in September and 3 percent in the month of October. Has inflation truly been beaten? Is the success real and permanent? CARETAS consulted five prominent experts: Roberto Danino (attorney), Javier Iguiniz (economist), Raul Salazar (banker), Roberto Abusada (economist) and Carlos Amat y Leon (professor). The following are their opinions.

Javier Iguiniz

Head of the Plan of Government of the United Left, he believes that inflation has not been beaten. On the contrary, it has beaten the original price control policy, Oricostos. This was in contrast with the orthodox position that inflation is the product of "excessive demand."

Despite the corporate profit margin, protected by the first and second reduction in interest rates, the pressure which business has placed on the government has been strong with respect to price control, requesting relaxation of the price freeze.

This forced the government to adopt an ambiguous policy that should be defined once and for all: Either one has a total freeze policy with inflation equal to 0 or one opts for a policy of inflation indexing, the categorical Iguiniz states.

"With regard to the fiscal deficit, I believe there is no close relationship between it and inflation. In other words, it is thought that the fiscal deficit is often responsible for inflation. It so happens that it is the opposite. The greater the deficit, the lower inflation.

"In short, I believe that there is urgent need for a definition: either a freeze or indexing. We must intensify the fight against inflation by maintaining low prices for the most common consumer items and maintaining subsidies so as not to harm the producer if his profit margin is not great (as in the farm sector). These subsidies would be financed through foreign capital, profits of the enterprises and the wealthiest sectors of the country."

## Raul Salazar

Former president of the FAR [Andean Reserve Fund], Salazar maintains that, statistically speaking, it is a noteworthy achievement on the part of the government to have reduced inflation to current levels.

But inflation is basically an economic problem and what has been done so far is only to take administrative measures helping to break down negative inflationary expectations but not solving the problem.

According to Salazar, what is happening is that the government is spending too much on goods and services. In order to finance that fiscal deficit, foreign credit is resorted to, direct taxes are increased or resources are taken away from enterprises and families by transferring them to the government. That is what is happening with inflation, for which reason it is called "tax inflation" in some countries. What the Aprista [American Popular Revolutionary Alliance] government has done with price controls is, on the one hand, to reduce inflation, but on the other hand, it has been transferred to business by increasing costs (higher price of gasoline, electricity, water, consumable expenditures, and so on), while at the same time freezing prices.

What should be done, according to Salazar, is first of all to reduce the government's fiscal deficit (which this year might go as high as 12 percent of the GNP).

It should be recalled that the Argentine economic program is basically orthodox -- with a few "adornments" -- with respect to monetary restrictions. According to them, the fiscal deficit should be equal to 0, primary emission equal to 0, and so on. Now that the international credit markets have become difficult for our country, one might think of the FAR.

But the FAR grants "contingent" credits and in our case, Peru has reached the maximum with the \$100 million we just received.

Then if foreign credits dry up, there will only be two paths for the future: increasing inflation by direct taxes, in order to finance the deficit, or reducing the fiscal deficit.

## Roberto Abusada

The former deputy minister of economy believes that arithmetically and theoretically, there is no reason why inflation is not now close to 0 percent. A large share of the inflation we were experiencing was determined by the variation in the rate of exchange, now frozen, and the rise in prices directly controlled by the state.

Consequently, if the government does not devalue and does not raise the prices it controls directly, two-thirds of the inflation would be checked. The other third is very difficult to control since it is made up of goods such as perishable food, services or products making intensive use of labor (such as the category of food outside the home). Consequently, exercising control over these products is almost impossible.

Nevertheless, Abusada says, wages are not actually frozen. In addition, in the past month, the prices that went up the most were those directly decided by the government: chicken, meat, eggs and fish, which on the whole make up 10 percent of the overall consumer price index. The government "decided" that the latter would go up 7 percent in October.

Abusada believes that the freeze has yielded positive results, however. The mere fact of seeing inflation drop from 10 to 3 percent (for whatever reason) represents a direct attack on the phenomenon of inflationary expectations. But how can this freeze be continued without harming production or causing shortages? How can one maintain the rate of exchange with inflation under the international level without seriously harming exporters?

In his opinion, there is no other alternative than to continue heavy control of public spending. This caused inflation and only the elimination of the fiscal deficit could end it.

Whatever the case, there is still the matter of reviving the economy without greatly draining our reserves. It is therefore crucial to promote exports that would generate more foreign exchange than what we consume, which is difficult in Peru.

Per capita imports are down 25 percent compared with their level of 25 years ago. Furthermore, opportunities of obtaining foreign savings are, in the best of cases, uncertain. The picture is without a doubt most difficult and Abusada predicts that lowering the rate of inflation to under 2.5 percent will be very difficult in the months ahead. His prediction for November is 3.5 percent.

Carlos Amat y Leon

Director of the Research Center of the University of the Pacific and a member of the Socialism and Participation Group, he says that by not paying the foreign debt, the public sector avoids spending 36 percent of the budget. Consequently, there is no pressure on the system to obtain money through taxes or printing more and the money no longer has to be used to obtain dollars and pay the service on the debt.

The freezing of the rate of exchange, the price of gasoline, the moderate increase and subsequent freeze in remuneration, and the reduction in the interest rate make the reduction in the rate of inflation credible and tenable.

For how long? As long as the debt is not paid, low levels of inflation can be maintained. There should be a decentralized and flexible system in the administration of regulated and frozen prices in order to resolve conflicts with certain products whose prices have to go up. Unnecessary breaks in supplies and shortages will then be avoided that might otherwise be a cause of inflation by the development of the black market.

In addition, there must be strict handling of public finance and new investment for emergency areas as well as for microregions and marginal urban zones, meaning the base of Alan's pyramid.

For Amat, we have fortunately been declared to have reduced value. This in turn deteriorates the model of development and the way of life to which we had become accustomed and will force us to be very selective and very efficient in solving our basic problems with our own efforts and resources.

On the other hand, workers will have to be aware that many companies will have to be reorganized because they use a great deal of money to produce goods that are not indispensable. Consequently, they will have to be used in other types of activities.

Finally, Amat is confident that the government will generate the necessary mechanisms of transformation and ensure the stabilization of employment, but not necessarily in the same type of work. The growing planning is therefore a political mandate, an economic requirement and a social need for offering our country a successful way out.

Roberto Danino

The former secretary general of the Ministry of Economy and Finance maintains that to claim to beat inflation solely by means of price controls is like trying to cure a sick man by putting a giant ice pack on him. The ice would probably bring the patient's fever down, but it would not cure him. Furthermore, the fever will only be relieved as long as the ice remains unmelted or provided that the disease causing the fever does not kill the patient.

Something similar happens with inflation and the price freeze. The economy is sick and its most acute symptom is inflation. Price controls -- including the one on the dollar -- could temporarily check inflationary expectations, but not the basic causes of inflation. Controls are not enough to beat inflation. Rather, it is necessary to attack the main cause of inflation, which is the level of spending of the central government as well as of public enterprises.

According to Danino, the current controls -- like the ice on the patient -- have temporarily relieved the symptoms of the disease. This in itself is very important because it now makes it possible to do the surgery required by the patient: extirpating unnecessary fiscal spending and drastically reducing the public business sector, controlling monetary emission and facilitating revival of the private sector. To fail to do so would only alleviate the effects of the disease so that sooner or later, the system of controls or the productive apparatus or both collapse.

The time has come to take advantage of the drop in the fever and do the surgery that the patient -- the Peruvian economy -- urgently needs. A large part of the required surgery could be defined in the public budget for 1986 and in its financing law, now being discussed in Congress. For Danino, on them depends the results of the economic program of the Aprista government.

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PERU

PRIME MINISTER PUBLISHES BOOK: 'THE FUTURE BEGINS TODAY'

Lima EQUIS X in Spanish 11 Nov 85 p 24

[Article by Jose Benavente]

[Text] The presentation of the most recent book by Luis Alva Castro, prime minister and minister of economy, at the brand-new auditorium of the Bank of the Nation at 8:00 on Wednesday, 6 November, was a veritable political event.

It was a political event, observers say, due to the size and distinction of the audience, as well as the contents of the work presented.

Actually, the large auditorium was too small for the number of spectators, including ministers, representatives of the government, Armed Forces, police and the most diverse national institutions, as well as the most significant sectors of the community. Members of the diplomatic corps accredited in the country were also present.

#### Response to Certain Criticisms

With respect to the contents of the book, entitled "The Future Begins Today" [El Futuro Comienza Hoy], they constitute a response to certain critics of the current regime who recently noted that the Aprista [American Popular Revolutionary Alliance] government would resort to generalities, lacking a program with concrete objectives.

"The Future Begins Today" is actually an improved version of the report made by Prime Minister Alva Castro to Congress on the policy being applied and scheduled to be applied by the Aprista government under the ideological orientation and political leadership of the president of the republic and national leader, Alan Garcia, to whom Peru undoubtedly owes this great transformation underway.

During the ceremony at which the book was presented -- a ceremony also marking the official opening of the Macedonio de la Torre Auditorium of the Bank of the Nation -- those speaking were the president of that banking institution, Adan Seminario, and its manager of public relations, Eduardo Gonzales Viana.

The book, in its final form, has 148 pages and 12 chapters. First of all, it establishes the 10 basic objectives of the Aprista government for the 1985-

1990 period: 1) overcoming the precarious living conditions of the poorer classes; 2) changing the country's production structure; 3) modifying the situation of neglect and abandonment of the interior of the country and marginal urban areas; 4) turning the government into an agent promoting efficient and well-planned national development; 5) consolidating the democracy, based on political and ideological pluralism and on a diversity of forms of business organization; 6) solidifying the national sovereignty and defense and developing an independent, nationalist and nonaligned foreign policy; 7) moralizing the country; 8) asserting the national identity and its own cultural forms; 9) restoring the principle of authority; and 10) restoring personal safety and public tranquillity.

#### Guidelines and Action

An attempt will be made to achieve these objectives through the following political guidelines: transformation of the model of development inherited; making the international balance compatible with growth; changing relative prices of goods whose production is to be stimulated; rationalization of public investment and spending; a united fight against inflation; reorganization of the productive structure; priority given to rural and agricultural development; promoting technological pluralism; basing national development on domestic savings; not neglecting the cultural dimensions of development; promoting Latin American cooperation and integration; carrying out specific action of moralization; and the construction of a fair and efficient decentralized state.

Based on the objectives and guidelines mentioned, the book contains the emergency measures being applied at the present time in order to halt inflation and revive the economy, emergency measures that should not be confused with the development plan itself.

This plan is specifically described sector by sector, with respect to each of which the diagnosis, objectives and action to be taken are indicated. This could not be achieved on the whole, Alva Castro says, without the participation and assumption of responsibilities by the people organized.

The book ends with these words: "We have stood up and will now walk. The starting point is not important, nor are the sacrifices made, nor are the obstacles to be overcome. We shall overcome them because we have faith in our people and because our people have faith in us."

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PERU

FORMER GR OFFICER ON POLICE CORRUPTION, REORGANIZATION

Lima EQUIS X in Spanish 11 Nov 85 pp 14-15

[Interview with retired Republican Guard (GR) Col Juan Pablo Terrazas; date and place not given]

[Text] In the following exclusive interview, Republican Guard Col Juan Pablo Terrazas, recently retired because of the reorganization of the police forces, admitted that there are cases of corruption in the GR, but that those individuals have not been retired and that their leader, the current chief director, GR Gen Julio Nino Rios, should have been sent home.

"Yes, Gen Julio Nino Rios, chief director of the Republican Guard, had previous knowledge of the relationship of retired officers and that he should have immediately resigned in solidarity with his command. Since he has not yet done so, as a friend, I am telling him that it is now time to leave his post."

With this phrase, uttered emphatically and denoting his feeling of impotence and rage, Col Juan Pablo Terrazas Medrano, called the "greenest" of the GR, draws the curtain open a bit for our EQUIS X readers and describes the process of the reorganization of the police forces.

At the time of -- in his words -- abrupt retirement, via Supreme Resolution No 0068-85-IN/DM, Terrazas was a member of the advisory committee for Minister of Interior Abel Salinas. That post came to him when Gen Oscar Brush commanded the ministry on Avenida Corpac and, years previously, he carried out delicate tasks entrusted to him by the different ministers.

"First of all, I am not familiar with the provision effecting my retirement. That reorganizing committee is a real mystery because not even I, who was an adviser to the minister of interior, came to know its members."

[Question] How did you receive the news of your "defenestration" or, to use a diplomatic phrase, your retirement?

[Answer] On 30 October, like any other day, I left for work. I was to continue the evaluation of promotional exams and that day I was "greener" than ever. When I ordered my captains to line up in a disciplined manner and was displeased exceedingly to hear the comments they made on the news of the preceding night. That night, I had not listened to or watched the news.

I knew, however, that the reorganization would reach the GR at any time, but I never thought about myself. I thought about my colleagues, some individual who had gotten his hands dirty or another one with serious problems, so many others now under close scrutiny because of acts of corruption. I never thought about myself. As I was telling you, I was with my captains that day, giving them instructions and advice about how to remain calm in those times of tension (reorganization), but I swear, it is now I who have lost my head.

[Question] Were any of those you were worried about included on the list of the 23?

[Answer] It is not a matter of giving names; some were included.

[Question] Most of those who had to leave?

[Answer] It is not a question of getting rid of them; we have to rectify situations. I know that more should have left, but what can we do? The reorganizing committee has already acted. As far as I am concerned, the only explanation given is that I am very old. I would like to show them.

[Question] How long have you been in?

[Answer] For 35 years.

[Question] And your age?

[Answer] I am 55.

[Question] Physically speaking, is that still quite a good age to continue as a colonel?

[Answer] Good Lord, you can see me. I challenge you to run a thousand meters, climb a hill, perform any drill.

[Question] I did not come to compete with you, Colonel, but to interview you.

[Answer] Very well.

[Question] Let us continue. Do you not think that when 23 high officials left, the chief director should have headed the list?

[Answer] First of all, let me tell you something: When the GR was shaken by the reorganization, a group of generals recommended that I speak very discreetly with the chief director about the possibility of a resignation of the GR command. The reasons I gave at that time were that the institution should never be the victim of political maneuvering. I am now convinced that there has been political maneuvering, that the GR has been messed with, criticized. I am telling you this because with respect to most of those retired, the only "crime" is that of being old and that is how they viewed me. As far as your question is concerned, I believe that the list should have been headed by the highest chief because he is the person mainly responsible for the corruption.



[Question] What was Nino Rios' answer to the proposal?

[Answer] He told me that as long as the GR was not touched, we had nothing to worry about. I accepted his answer because I thought that he gave it after long reflection. Nino is my friend and a friend of yours. Naturally, out of respect for his rank, I maintained a proper distance and he always treated me with that warmth that comes from comradeship. But now I see that if he was consulted about the matter, he did not say "No!" This guy here (referring to himself) and others with an impeccable service record, such as generals Oscar Takey, Miguel Velasco, Carlos Rios (director of intelligence), "Charapita" Vasquez Vasquez (director of welfare), Col Segura Davila and others have, should continue in the institution.

[Question] Do you think that General Nino was consulted or not?

[Answer] I believe he was; he knew very well what was going on. In my case, perhaps he thought that because of my inflexibility, discipline and sometimes bad temper, I should not be allowed to continue. He probably believed that I am disloyal and that is a lie. In my students, the captains and majors, I have always inculcated the principle that the most appreciated value in an officer is loyalty.

[Question] And yet, the loyalty you recommend and practice does not seem to be applied to you by your superiors.

[Answer] Apparently not. In this case, as a matter of principle, General Nino should have, should now resign. Because I value him as a friend and person, I am telling him that he should resign as an act of solidarity. Everyone is talking about him.

[Question] Now that you are out, will you take some legal action to protect your good reputation?

[Answer] Yes, I will do it through the association of officers retired by the reorganization that has just been formed. My honor is indeed worth a great deal to me. My conscience is clean; no one can throw anything in my face. I have never stolen anything, nor am I a coward.

[Question] Since you have been in a delicate position in the Ministry of Interior, what can you tell us about the announced annexation of the GR by the army?

[Answer] It seems to be a fact, but I cannot guarantee it.

The Republican Guard may be integrated into the navy, air force, army or, in the final analysis, the firefighters, and it will still be the Republican Guard. But first the matter has to be studied. I tell my students: We have to demonstrate ability in order to climb later, because being promoted for the sake of promotion is to be doomed to failure, although we have undoubtedly failed in some cases.

[Question] As the GR representative to the advisory committee of the minister of interior, what else can you tell us?

[Answer] Many things. Before I retired, along with other officers I worked very hard, even at night, on a proposal to regulate trips abroad by members of the police forces. It was to be signed on the day of my retirement, but it could not be done and that job stayed there. I will only tell you one thing: Trips have been carefully set up so that no one can engage in tourism at the government's expense.

Another proposal nearly completed has to do with the Rural Patrols, which will be presented to Congress. It points out the danger of giving free rein to the patrols, which should not even be called that. Another piece of work that cost me a great deal of effort has to do with the new structure of the police forces, meaning the creation of the National Police force, which existed at one time, but which was deactivated 20 days after it was set up because of prejudice, selfishness and so many other things.

[Question] Do you think that your studies will be used?

[Answer] I hope so, but there are still many honest persons in the police forces.

[Question] In conclusion, Colonel, do you think that the argument that you are "old" was used in your retirement?

[Answer] Apparently so, unless they found out that I am a leftist.

[Question] A leftist?

[Answer] Naturally.

[Question] Now that you are a civilian, if there were elections tomorrow, whom would you vote for?

[Answer] Alfonso Barrantes, of course. He is a very good man.

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PERU

# COMMISSION STUDIES AMAZON BASIN ECONOMIC, SOCIAL DEVELOPMENT

Lima EL DIARIO DE MARKA In Spanish 17 Oct 85 p 7

[Article: by Esteban Ocampo R.]

[Text] The Senate has appointed a special commission to study and propose economic and social policies relating to the development of Peru's Amazon area. We hope that this decision, the adoption of which has taken more than 50 days after APRA [American Popular Revolutionary Alliance] took power, is not merely intended to fulfill a constitutional formality.

To those of us who are seriously concerned about the eastern region of Peru this is rather comforting, after observing with impatience that the APRA government has been oblivious to this strategic geographical and socio-economic area of our country. Just as we welcome the priority, even though it be merely declaratory, that is being given to the Andean area-- basically Cuzco and Puno--we cannot avoid raising our voice in energetic protest against the official silence regarding economic policy which would give a dynamic thrust to the overall development of Amazonia. Or does the APRA Party lack an economic and social development plan on the national level which views analytically the formulation of measures to be taken on the regional level and in this specific case concerning the Amazon jungle?

It is one thing to give priority to a socioeconomic area and quite a different thing to relegate, forget, put off a region that has great strategic value on the economic, socio-political and national sovereignty level.

The Senate commission we are referring to does not contain among its members any senator of the United Left who is a native to that region. This was caused by political irrationality. In fact the top United Left leader and coordinator vetoed from inclusion in the list of senatorial candidates the person who obtained the determined support of the rank and file in San Martin and Loreto, and who really had a chance to win. In reality, Frejolito made a gift of one more senate seat to APRA.

Who are the Members?

This senate commission is presided by Dr Raul Acosta Rengifo, senator for San Martin for the APRA Party. Another member is the experienced

parliamentarian Dr Jose Ferreyra Garcia, also of APRA. Also a member is the outstanding leader and President of the Peruvian Peasant Confederation, comrade and senator Andres Luna Vargas. Thanks to his invitation I attended the first working meeting in my capacity as adviser to the CCP [Peasants Confederation of Peru] and President of the Peruvian Institute of Amazonian Studies. Also attending was Senator Sandro Mariategui, the present Secretary General of that party in eclipse, Popular Action.

#### A Good Initiative

The commission had the good sense to invite Engineer Carlos Alzamora Jimeno, chief of the National Office of Natural Resources (ONERN), to present a scientific report on ONERN's activities with regard to the evaluation of natural resources, with special emphasis on Peruvian Amazonia. As supporting material for his instructive and coherent exposition, Alzamora provided maps prepared with the most modern photographic technique from satellite pictures.

With the clarity and objectivity to be expected of a scientific researcher he exposed many myths about the "unlimited" riches of the Amazon basin. He drew attention to the great danger of breaking the ecological equilibrium through irrational exploitation of the renewable and non-renewable resources of the High Jungle and the Low Jungle. In replying to a question, he placed on the agenda the need to become aware of the serious contradiction between present scientific knowledge, which invites us to the rational management of the region, and the irrationality of capitalist exploitation, legitimized by the rules of laissez-faire economics, that is leading to the devastation of the natural resources, without regard to the already imminent danger of creating a desert through the violent rupture of the balance of the ecosystem.

As we well know, the Amazon region covers 60 percent of our national territory. Of this total, the Lowland Jungle occupies 55 million hectares. The foothills and the High Jungle cover 75 million hectares between them. Which means that altogether this vast geographic, economic and socio-political area covers 130 million hectares. Of this total, due to lack of financial resources, ONERN has made a rigorously analytical study of only 26 million hectares. Its research work follows a methodology oriented towards obtaining overall knowledge by studying the interrelationships between natural resources and ecology, without ignoring an analysis of the socio-economic dimension.

Engineer Carlos Alzamora said that since 1970 ONERN has been setting standards for the conservation and rational utilization of natural resources. But, as we said before, scientific rationality enters into conflict with the voracity of national enterprises and of the great imperialist corporations. We hope that the thirst for profits of the capitalist enterprises will be overcome by the rational interests of humanity.

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CSO: 3348/109

PERU

# PRICE CONTROLS SAID CREATING DROP IN PRODUCTION

Lima CARETAS in Spanish 14 Oct 85 pp 26-27

[Text] The minister of agriculture has announced that the price of milk will go up next January. He said this is due to the need to reduce subsidies on powdered milk and to set new prices for producers of fresh milk. He said that Peruvian cows produce very little, about 24 liters a day compared to more than 50 liters elsewhere. Apart from the exaggerated figures given by the minister, the fact is that price control in this and other cases is becoming a time bomb.

The representatives of the stores (Galax, Todos, Sears, Monterrey, Oeschle and distributors on the national level) have told the Department of Domestic Commerce that price controls are the cause of a drastic reduction in stocks in normal trade outlets and shifting sales to the underground economy at higher prices. This includes the appearance of vendors who sell from trucks without providing bills.

In the past week the situation was aggravated by the "exemption" of the 11 percent general sales tax for certain products, since the decree exempted only one of the stages of a tax that applies at several levels. Both the Industrial Association and the Chamber of Commerce have held several meetings with the minister of industry, the vice minister of commerce, the minister of economy and the economic team, without achieving so far any measure to halt the dramatic decline in industrial sales. The cancellation of a series of publicity campaigns is symptomatic. Furthermore the level of tax collections is apparently also reflecting the impact of the sales decline.

Manufacturers claim that their sales dropped 50 percent in August and September and that they are therefore reducing production to those levels. They insist that price controls applied to merchants should be based on the manufacturers' list of prices for the public, instead of trying to freeze prices at the retail level. They maintain that the control they propose would cause an inflation of only one percent a month and would prevent a much larger increase through the underground economy which is already taking place.

Up to July 27, merchants set their prices to the public based on the cost of their last purchase, to which they added their trading margin.

Merchants did not operate on the basis of replacement value but made a financial profit based on turnover, taking into account that the cost of money was of the order of 15 percent a month and that they were given 30 to 60 days to pay by their suppliers. They also paid in devalued money. The manufacturers, for their part, affected by the daily devaluation and the various increases in duties this year, worked on replacement value with monthly price lists.

What has happened now is that with the cycle broken, merchants cannot buy from the manufacturers because they are 30 to 90 days out of sync.

The result of this situation is that some merchants who leveled their prices with the frozen price lists of the manufacturers are being fined for not respecting the freezing of prices at the retail level. Faced with this situation, many merchants are opting for various alternatives: selling without invoicing, no stock replacement, selling similar products at higher prices, etc. The net result is that industrial production continues falling precipitously.

There is a growing perception of a lack of coordination between President Garcia, who talks of flexibility, and the authorities of the MEF [Ministry of Economy and Finance] and MICTI [Ministry of Industry, Commerce, Tourism and Integration], who are sitting without making any decision on a pressure cooker that may blow the emergency program into a thousand pieces.

12856/9190

CSO: 3348/109

ST CHRISTOPHER-NEVIS

GOVERNMENT ACTION ON SALARIES PRAISED, ASSAILED

Bonus, Increase Decision

Basseterre THE DEMOCRAT in English 9 Nov 85 p 1

[Text] The following is a Press Release which was first announced over yesterday's midday newscast on National Radio ZIZ:

"Cabinet today (Friday) at its regular meeting approved the payment of an extra Month's Salary in December to Civil Servants, Pensioners and other Public Servants in St. Kitts and Nevis. An extra 4 Weeks' Wages will be paid to non-establishment workers in St. Kitts and Nevis.

"Cabinet also today approved a Salary Increase for Civil Servants and other Public Servants in St. Kitts and Nevis. This increase will also apply to pensions. Increases varying between 20% and 25% of salary will be paid with effect from 1st January, 1986. An increase of 20 cents per hour will also be paid to non-establishment workers in St. Kitts with effect from 1st January, 1986."

The Press Release was issued by the Prime Minister's Office, Government Headquarters on behalf of the St. Kitts-based Civil Servants, and the Premier's Ministry, Administration Building joined to sanction the increases for the Nevis-based Civil Servants.

THE DEMOCRAT is reliably informed that Civil Servants at all levels in St. Kitts and Nevis have welcomed this announcement and are grateful for the thoughtfulness of their Government. In spite of all sorts of reports of inability to pay the salaries of its employees, the PAM/NRP Government has come through in grand style at the right time with these substantial increases. The business places in the Federation are also very pleased at the prospect of greater spending power in over 2,000 Civil Servants. Other employers are taking note of Government's leadership in this area of wage increases. A HAPPY CHRISTMAS AND A PROSPEROUS NEW YEAR IS IN STORE WITH ALL THIS EXTRA MONEY IN CIRCULATION!

1986 Freeze

Basseterre THE LABOUR SPOKESMAN in English 16 Nov 85 p 1

[Text] Civil Servants and other public servants in St. Kitts-Nevis received some shocking news earlier this week when they were notified by circular, of the government's decision to freeze all increments for the year 1986 until further notice.

The Circular (No. 7/85) dated 11th November, 1985 was issued by the Ministry of Finance and addressed to Permanent Secretaries in the various Ministries of government and also Heads of Departments.

The Circular also made mention of the government's decision to grant a pay hike to all government established employees, pensioners and non-establishment workers, effective 1st January, 1986.

The Circular followed sharply on the government's emergency press release at lunch time last week Friday, 8th instant, which made mention only of Cabinet's approval of

(i) an extra month's pay in December (1985) to civil servants, pensioners and other public servants in St. Kitts-Nevis

(ii) an extra 4 weeks' wages to be paid to non-establishment workers in St. Kitts and Nevis and

(iii) a salary increase for civil servants and other public servants in St. Kitts and Nevis, including pensioners

The relevant section of Circular No. 7/85 issued by the government on 11th November, 1985 reads as follows:-

"It has also been decided that after Officers are converted to their new points on 1st January 1986, no increments will be awarded during 1986 until a further communication from this Ministry."

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CSO: 3298/227



ST CHRISTOPHER-NEVIS

## SIMMONDS PLANS SUGAR INDUSTRY REVAMPING, AID TO WORKERS

### Text of 7 November Address

["Text" of radio/TV address to the nation on 7 November 1985 by Prime Minister Kennedy Simmonds]

[Text] It is timely that I should speak to you this evening about three important issues. The first, the future of the Sugar Industry, has been for several years, and continues to be now, a matter of grave concern to all of us. The efforts of my Government over the past 5 years to bring some measure of stability to the Industry and greater reassurance to the workers is a matter of public record. When there was some money available we increased wages and instituted new bonuses in an effort to improve the lot of the worker and increase his motivation. We attempted to reduce inevitable losses by streamlining the operations of the Industry, replacing old equipment, introducing a system of cost accounting and removing the Sugar Levy which for years had been sucking at the very vitals of the Industry.

### HOSTILE ECONOMIC ENVIRONMENT

However, every time we made one step forward, we were pushed two steps backward by a frankly hostile economic environment over which we had no control. While sugar prices fell through the floor, the cost of equipment and essential materials rose through the ceiling. In addition our U.S. Quota which brought us a preferential price was drastically cut by 25%. These factors added to the accumulated, inherited losses made it impossible to get the Industry stabilised, much less profitable. The result has been the substantial NACO overdraft hanging like a millstone around the neck of the Industry. Since the early 1970's our Sugar Industry has been studied by a succession of experts leading up to that of the latest team from Bookers Limited financed by the British Development Division. Whereas these various experts have been generous in their advice to us, they of course have no effect on the decision-makers in the countries to which we sell. This was brought home forcibly to us when, after the initial draft of the Report had been studied by the Government and returned to the Consultants, the United States reduced our sugar quota by 25%. The result was that even at that late stage, the Report had to be further adjusted to take account of this new reality.

The Report comes at a time when the Sugar Industry in St. Vincent and Grenadines is closing down, the Sugar Industry in Antigua and Barbuda cannot begin to get off the ground, when both Trinidad and Tobago and Jamaica have closed down substantial portions of their industries.

#### SOME OF THE RECOMMENDATIONS IN THE REPORT

The Government has received the Report. It is in two parts. One dealing with the Sugar Industry, and one dealing with non-sugar agriculture. I propose to deal only with the Sugar Industry tonight. Let me say at this point, that the Government does not accept every analysis, conclusion, or recommendation of this Report. However, we feel that there is enough which we can accept which can be a useful working guideline for us to follow in our efforts to improve the operation of the Sugar Industry. Some of the recommendations in the Report are:-

(1) The Industry should increase cane production and hence sugar production to about 38,000 tons within five years.

(2) "Means of increasing the productivity of land should be sought so as to maintain production at the above level while releasing land for other uses".

In this context various methods are recommended including -

(a) Irrigation

(b) Improved methods of cultivation

(c) Improvement in harvesting techniques to provide cleaner cane

(d) Soil Conservation on steeper land

(e) Improvement to agricultural laboratory services.

(3) Introduction of about two mechanical harvesters on selected areas of land so as to maintain a steady supply of cane and reduce Factory shutdown for time out-of-cane.

#### POOR ATTENDANCE OF CANE-CUTTERS

The only reason for giving any consideration at all to this latter recommendation is the poor attendance of cane-cutters especially after Easter. Herculean efforts have been made over the last several years to preserve the Sugar Industry for the express purpose of providing employment. It is distressing therefore when some employees do not work steadily and consistently and earn the quite good wages now available in the Industry.

In 1984 the average daily attendance of cane-cutters before Easter was 841, after Easter the average daily attendance dropped to 669 - a loss of 172 cutters. In 1985 the average daily attendance of cane-cutters before Easter was 885 and after Easter was 676 - a loss of 209 cutters. Productivity

cannot be at its best with almost a quarter of the work force absent. Let me state categorically that mechanical harvesters are NOT I repeat NOT, intended to displace labour, but to supplement it, and that if the cutters can keep their level of attendance and hence productivity high, there would be no need for mechanical harvesters.

#### REORGANISATION OF SUGAR INDUSTRY

The next recommendation calls for a major but necessary reorganisation of the Industry. It is simply stated in the Report:

"THE PRODUCTION OF SUGAR SHOULD BE CARRIED OUT BY A SINGLE CORPORATION"

There is of course a detailed analysis of the reasons for this recommendation, but the crux of the reasoning is to streamline the Industry further, and increase its efficiency and thus decrease its losses and hopefully in time even make it profitable.

It is interesting to note that in 1972 when the previous Government and the former landowners agreed on the establishment of the Sugar Industry Rescue Operation (SIRO), that a Study by Peat, Marwick and Mitchell recommended that a single Company should be formed to operate the Sugar Industry. This recommendation was not implemented. My Government proposes to implement this recommendation and to immediately undertake the necessary adjustment and changes to give effect to it.

#### SUGAR INDUSTRY UNDER ONE CORPORATION

It is proposed to close down the National Agricultural Corporation (NACO), and to have its assets and functions taken over by the SSMC. The necessary legislation to effect this will be introduced into Parliament. Let me state categorically, the Sugar Industry WILL CONTINUE under one Corporation instead of two. The agricultural workers will still be needed to harvest the crop. The SSMC is a familiar Organisation, and we believe that by carrying out the restructuring in this way there will be a minimum of disruption. Every effort will be made to avoid displacement of workers, or at least to keep it to an absolute minimum.

#### NACO'S OVERDRAFT

Now what of NACO's Overdraft? We rather expected that experts of the stature involved in this Study would have come up with some suggestions as to how we might deal with this obviously critical question. They were quite clear and unequivocal about the genesis, the origin, the cause of the overdraft and I quote - "However, NACO's Overdraft does not arise from the Industry's operational performance, since it made profits from 1975 to 1981, but rather from its inability to pay the very high Sugar Levy that was imposed on it by the previous Government". The profits which were there before payment of Sugar Levy however, were turned into losses by the extraction of the Sugar Levy.

My Government of course stands by its decision to abolish the Sugar Levy and this action will certainly help to make the restructured industry more viable. In relation to the solution to the NACO Overdraft, Bookers were equally terse and to the point and I quote - "The only solution is for Government to assume the liability, releasing NACO from its obligation to the Bank". This to my mind is one of the disappointments of the Report, in that it had no real recommendation to make on this vital issue, and could dismiss it so cavalierly in one sentence.

The Government has decided, in the circumstances, THAT IT WILL TAKE OVER RESPONSIBILITY FOR NACO'S OVERDRAFT, AND WE WILL GUARANTEE TO THE NATIONAL BANK THAT WE WILL REPAY THE DEBT OVER TIME. This issue will form the subject of a subsequent communication.

#### OUR EFFORTS HAVE BEGUN TO BEAR FRUITS

Fellow citizens, this in very brief summary, is the substance of the recommendations of the Bookers Report. I firmly believe that by implementing these and some of the details relating to cultivation and harvesting practices, and with a high degree of worker commitment and productivity we can make the Sugar Industry more viable than it has appeared in the past. Even the efforts we already made over the past few years have begun to bear fruit, as the Bookers Report noted:

"PERFORMANCE AND MORALE ARE BETTER THAN A FEW YEARS AGO, AND THE IMPROVEMENTS EVEN BETWEEN FEBRUARY AND AUGUST 1984 WERE NOTICEABLE"....."IT IS NOW INCREASINGLY ECONOMICAL, FORWARD-LOOKING AND DESERVES TO SURVIVE".

You will note that this presentation was not intended to address the issue of wages and benefits. They will be dealt with by the Sugar Manufacturing Corporation in the usual way.

#### LEGISLATION TO PROVIDE OTHER BENEFITS

I move on now to deal with the next matter:

My Government intends before the end of this year to introduce legislation into Parliament to provide for additional benefits under the already very beneficial Social Security Scheme.

You will recall that in 1984:

My Government increased Funeral Grant from \$200 to \$500;

\* Maternity Grant from \$50 to \$100 per child;

\* Maternity Benefit from 50% to 60% of weekly wage;

\* Sickness benefit from 50% to 60% of weekly wage; made

\* Widows Pension payable 10 years earlier at age 45 instead of age 55;

- \* Increased the survivors benefits minimum from \$208 to \$1,500 per year;
- \* Increased Age Benefit minimum from \$8.00 to \$17.50 per week.
- \* Increased non-contributory assistance pension from \$7.00 to \$10.00 per week.

We now propose to provide all of the workers of this country with employment injury benefit protection under the Social Security Scheme.

#### THE SCHEME WILL PROVIDE

1. Compensation in respect of injury and disablement with related medical care;
2. Cash benefits and disablement pensions when a worker becomes totally incapable of work by an injury arising out of or in the course of his employment or from a prescribed occupational disease;
- (3) Survivor's Benefit to be paid to dependants and children of a worker who dies as a result of an accident arising out of or in the course of his employment, or from a prescribed occupational disease.

Benefits will be provided therefore, not only in the case of injury but where diseases specifically related to the worker's occupation cause disablement. This Employment Injury Benefit Scheme will be a significant improvement over the Workmen's Compensation Act which was enacted on 1st July 1956, and which does not provide benefits relevant to today's economic realities.

Whereas the current Workmen's Compensation Provision excludes persons earning more than \$100 per week, casual workers, Police officers among others, the Employment Injury Benefit Scheme would apply to ALL workers.

Whereas the current Workmen's Compensation would provide for a single maximum payment of \$6000 to a person who is totally and permanently disabled, the benefit under Employment Injury Benefit Scheme would be related to the degree and extent of the injury or disability, and if necessary, provide a monthly payment for life.

#### FINANCING THE SCHEME

How is the Scheme to be financed? Recognising that employees would no longer have to pay premiums for maintaining policies of insurance as required by the Workmen's Compensation Act, they, the EMPLOYERS, would be required to make an additional modest contribution of 1% of each worker's wage to the Social Security Scheme. The Scheme will, in due course, be explained in greater detail by those trained and qualified to do so.

#### GREATER PROTECTION TO WORKERS

The next issue that I will mention to you in this presentation is also another step in Government's programme to provide greater protection to the

workers of this country. You will recall that in 1981 we upgraded minimum wage legislation for domestic servants and shop employees. We later provided for pregnant employees to retain their jobs and benefits in the Civil Service. We introduced the 5-day work week.

NOW WE INTEND VERY SHORTLY TO INTRODUCE LEGISLATION TO GIVE THE WORKERS OF THIS COUNTRY GREATER JOB SECURITY AND TO PROTECT THEM AGAINST UNFAIR DISMISSAL, AND TO PROVIDE FOR REDUNDANCY AND SEVERANCE PAY.

In 1981 Government initiated discussions between officials of the Ministry of Labour, the Legal Department, Representatives of the Business Sector, The Trade Unions and The International Labour Organisation, represented by its Adviser Mr. A. N. Leslie. The Legislation which we will be proposing, therefore, will be the end result of the input of all of the relevant sectors of our country as previously mentioned.

\* It will provide for the extent of notice and/or compensation to be given in the event of termination of employment, and will guarantee the right to maternity leave.

\* It will provide for Redundancy Payment where the worker becomes redundant whether it be for closure of business, modernisation, automation, mechanisation, reorganisation, bankruptcy, death or otherwise.

\* It will provide for Severance Payment to workers and specify the rates payable in various circumstances.

#### GOVERNMENT'S COMMITMENT TO THE WORKERS

It is significant that these three matters I have presented to you tonight, the Sugar Industry reorganisation, the Employment Injury Benefit Scheme, and the Protection of employment Legislation, should all be coming to fruition about the same time. Indeed, there is a common thread clearly demonstrable in all of them - it is YOUR Government's commitment to secure and protect the employment of the workers, and to ensure fair and just treatment at all times, in health, sickness or adversity.

Fellow citizens, given the circumstances existing now in the world in which we live, we can expect that there must be and there will be changes. However, I have every confidence in your resolve, your good sense, your insight, your wisdom and your ability to adjust. Let us work together with purpose and commitment, so that we make the process of change work for the benefit of every man, woman and child in our beloved country. May God Guide Us All.

#### Union Organ's Criticism

Basseterre THE LABOUR SPOKESMAN in English 9 Nov 85 pp 2, 12

[Editorial: "Simmonds Admits Failure Again!"]

Simmonds' broadcast on Thursday evening concerning the future of the sugar industry, when stripped of its glib patter of excuses and half truths, is

an admission of the PAM government's inability to manage the national economy.

Coming so soon after his admission of his inability to manage the telephone services just a month ago, this further failure confirms the prognostications of the Labour Movement's leadership concerning the moral and economic bankruptcy of the Simmonds' regime.

No amounts of cursing by Michael Powell nor "revelations" by the so-called Roy Jones' column can hide this degeneration.

Simmonds' speech is intentionally vague about many things. For example although he spoke several times about the NACO overdraft, he is still hiding the exact amount of the overdraft from the people of this country whose inalienable right it is to know by how much more they are burdened.

While he managed to speak for several minutes about the re-structuring of the sugar industry, he still did not say how many persons are expected to lose their jobs in the re-vamped structure and which categories would be most affected.

Simmonds has at last confessed to the nation and the world that he could not wear his predecessor's shoes. According to Simmonds, between 1975 to 1981 NACO made profits. However according to him, the then Labour Government took away the profits of the corporation by imposing a Sugar Levy. He did not tell the country that the money extracted from the Corporation was used primarily to set up a Land Fund to repay the sugar estates' owners as compensation for their land acquired by Government. In fact it is said that the Land Fund contained \$10 million dollars which was to be used as part payment for the sugar estates. We do not know what has become of the \$10 million dollars supposedly in the Land Fund as Simmonds has revealed that the money had to be borrowed from abroad to make the first payment to the sugar estates' owners. He did not mention the money supposedly in the Land Fund when announcing the agreement with the land owners.

Again Simmonds recited the now familiar excuses about why, according to him, the sugar industry is now in this terrible mess. He did not put the blame squarely where it belongs - lack of good management. In fact his whole speech is an indictment of his bad management practices and this is overpoweringly logical. If, according to him, the experts are still saying that the industry can still be viable if sugar production is increased to 38,000 tons of sugar within the next five years, then his production policy has been misguided, bearing in mind that in 1977 the industry produced about 41,000 tons of sugar. In 1978, it produced 39,000 tons of sugar and in 1980, around 40,000 tons of sugar. Since 1982, the industry has struggled to produce 25,000 tons of sugar.

This is not surprising as the NACO Board under Labour contained some of the best brains in this country. After 1980, it was composed of rather mediocre persons whose only entitlement to membership seem to be a PAM party card.



It is also interesting to note that the sugar industry received its greatest revenues during the period of PAM control. A breakdown using the Government's own figures issued by their Statistical Department is instructive. In 1975, the industry received about \$27 million from sugar exports. This was decreased by \$1 million in 1976 and a further million dollars in 1977. However in 1978, the Industry received over \$31 million which was decreased by one million dollars in 1979.

After the change of Government in 1980, the sugar industry had a bumper year in terms of revenues, in that although 1978 had been the best year in terms of revenues for the industry under Labour when \$31 million was received, this record figure was "upped" during PAM's first year in office when the industry received over \$38 million in revenues. This record figure in 1980 was broken in 1981 when the industry received over \$39 million in revenues from export sales. In fact this is the reason why Simmonds and his Ministers had money to spend to beautify their offices. They thought that things were getting better and better. There was no thought about prudent fiscal management. No thought of long range strategic planning.

Simmonds said that one of the recommendations of the Bookers' report is to increase the productivity of the land. We wonder that he did not choke when he admitted this because some of the most fertile land where immense yields of sugar had come from, were taken out of sugar by the Simmonds' regime. Simmonds himself sold his land at West Farm for a fantastic price. Other persons were then given back their land which were also taken out of sugar cultivation.

The most ironic thing is that one of the recommendations to increase productivity is the deployment of mechanical harvesters which would only be able to function efficiently on low-lying land. Most of the land withdrawn from production is flat, arable land suitable for this type of activity.

Simmonds spent a long time in his speech complaining about the absence of cane cutters. He read a long rambling account of attendance of cane cutters after Easter which he claimed had contributed to the poor returns. He said nothing about the callous and brutal way in which his Government had treated the sugar workers after the initial euphoria of the 1980 elections had faded.

In fact, in 1981, which was the record year for money received by the sugar industry in its entire 350 years' history, the Simmonds' government offered the workers a miserly 2½% increase in wages which was indignantly rejected by the workers' representatives, even though from its export sales alone the industry made thirty nine million, seven hundred and sixty six thousand dollars (\$39,766,00).

To add insult to injury in 1983, sugar workers were denied their customary goat water and to crown it all, in 1984, for the first time in nearly 50 years, sugar workers did not receive an increase in wages. It is no wonder, Dr. Simmonds, that this lack of incentives contributed to the lack of enthusiasm for work on the sugar estates.



Simmonds took the cake with his naive and rather childish remarks about being disappointed with the recommendations made or lack of them, concerning the huge NACO overdraft. He professed to feel let down as no concrete proposal except that Government should take over the overdraft, came out of the report.

Here one has a situation where NACO is to be folded up, yet Simmonds is hoping for a miracle to dodge the responsibility for the purported nearby \$40 million NACO overdraft. Did he expect Bookers' to volunteer to repay the overdraft or did he want them to recommend that the S.S.M.C. take over the overdraft?

Simmonds has found a neat way to raise some money towards the repayment of even the interest on the overdraft. He has arbitrarily increased Social Security contributions by one percent. He had tied this in with a so-called Employment Injury Benefit Scheme which purports to give cash benefits and compensation to workers injured or disabled at their workplace. Mark you, the Social Security Scheme is practically "minting" money and can well afford to pay not only this benefit but also many other benefits such as increased Old Age or Assistance pensions, Maternity Benefits and Unemployment Benefits.

Yet the truth of the matter is that the Social Security money which is banked in the St. Kitts-Nevis-National Bank is all that is keeping that Bank afloat. Simmonds therefore cannot increase Social Security benefits without increasing Social Security contributions, otherwise the Bank's already acute cash flow problems would become even more painful.

Having given the country such bad news, he needs to make a propaganda gesture to show that "his government" cares for its citizens. Of course the gesture cannot cost too much money, so, after turning over the alternatives he has come up with a scheme which kills two birds with one stone. It is arguable whether 50 persons per year are permanently disabled in the whole of St. Kitts. The figure might be closer to 20 persons. Therefore, Simmonds in slapping on the extra one percent Social Security payment is not only making a gesture which will cost the Social Security Fund little, but will also demonstrate to the gullible that he cares for the people of this country. Incidentally he stands to enjoy substantially increased revenues from this gesture.

In order to emphasize the point, so that his supposed care and concern for workers is not missed nor overlooked, Simmonds has also spoken about passing legislation against unfair dismissal and workers' entitlement to severance pay. This comes out so sanctimoniously from Simmonds, even though his Government is the worst offender in the area of unfair dismissals in that his Government has blatantly victimised and dismissed scores of persons for no reason except their political views.

One wonders whether the Government is serious in proposing this legislation in light of its past record or whether it will again be a matter of "Do as I say and not as I do." When one examines this Government's past record

and its refusal to obey the recommendations of the Courts, Special Tribunals such as the Public Service Board of Appeal and so on, one can hardly take comfort in the avowed benefits of this proposed "Protection of Employment" legislation.

Simmonds' speech is a pathetic effort to disguise his Government's moral and economic bankruptcy and to cloak his confessed failure with the trappings of "forward-lookingness". It is merely a smoke screen to fool and confuse the ignorant.

/13046

CSO: 3298/227

ST CHRISTOPHER-NEVIS

## TRADES, LABOUR UNION MEETS; OFFICERS REELECTED

### Report on Proceedings

Basseterre THE LABOUR SPOKESMAN in English 30 Oct 85 p 1

[Text] The 46th Annual Conference of the St. Kitts-Nevis Trades and Labour Union last Sunday unanimously passed a Resolution denouncing apartheid and the Botha regime in South Africa and calling for urgent action to put an end to the oppression of black people in South Africa.

The full text of the Resolution reads -

"BE IT RESOLVED that this Conference denounces the evil system of apartheid practised by the regime in South Africa and calls on the international community to take urgent action to bring an end to the system, to put an end to the state of emergency in South Africa, to free Nelson Mandela, and to establish democracy in South Africa."

The Resolution was presented by the Executive Committee of the Union and was fully debated by the Conference.

The Annual Conference of the Union is held on the last Sunday in October in each year. About 300 delegates attended this year's Conference which started at 10.40 a.m. and continued until 8 p.m. with a break for lunch at 1.30 p.m.

The Conference opened with the singing of "O God, Our Help in Ages Past", followed by prayers led by Comrade Cyril Benjamin, and the reciting of the Lord's Prayer and the 23rd Psalm.

After the roll call, President Comrade Lee Moore delivered the President's Address. The full text of the Address will be published in our next issue on Saturday 2 November [not available to JPRS].

The Conference then considered and accepted the Executive Report and the Financial Report.

The Basseterre General Workers Section made a presentation to the Union, following which lunch was taken.

The post-lunch period was mainly concerned with Reports for the Union Sections and deliberation on 40 Resolutions presented by the Executive Committee and the Sections.

The very first Resolution dealt with an urgent problem facing the workers of St. Kitts - unemployment:

"BE IT RESOLVED that this Conference deplores the very high level of unemployment, particularly among young workers, which is the direct result of the negative policies of the government and which is mainly responsible for the profound suffering of the workers and their families."

The Resolution was fully supported by the Annual Conference, as also a Resolution calling on the government to make public the contents of the 1984 Booker's Report on the sugar industry in St. Kitts.

In our next issue we will publish the full text of the main Resolutions passed at the Conference [issue not available to JPRS].

The Conference next elected the Officers and members of the Union Executive for the 1985/86 period.

Following on brief addresses by Comrade St. John Payne, 1st Vice President, and Comrade Walford Gumbs, 2nd Vice President, the Conference was closed with the singing of the Doxology.

#### Election of Officers

Basseterre THE LABOUR SPOKESMAN in English 30 Oct 85 p 1

[Text] The following persons were elected as the Officers of the Union and the members of the Executive Committee at last Sunday's 46th Annual Conference of the St. Kitts Nevis Trades and Labour Union -

|                    |                                      |
|--------------------|--------------------------------------|
| Comrades Lee Moore | - President                          |
| E. St. John Payne  | - 1st Vice President                 |
| Walford Gumbs      | - 2nd Vice President                 |
| Fitzroy Bryant     | - Treasurer                          |
| Joseph N. France   | - General Secretary                  |
| Fidel O'Flaherty   | - Asst. General Secretary            |
| Lorinston Jenkins  | )                                    |
| Joseph Jones       | )                                    |
| Ernest Osborne     | )                                    |
| Joshua Guishard    | )                                    |
| Aaron Phillip      | ) Members of the Executive Committee |
| Althea James       | )                                    |
| Stanley Franks Jr. | )                                    |
| George Dixon       | )                                    |
| Eunice Williams    | )                                    |

All the Officers were returned to office, unopposed.

DEMOCRAT's Assessment

Basseterre THE DEMOCRAT in English 2 Nov 85 p 2

[Editorial: "Still No Change in Labour Union Executive?" ]

[Text] Clear-headed and right-thinking Labour people in St. Kitts are reportedly in the depths of CONFUSION and DESPAIR over the news emerging from the just-concluded Annual Conference of the 46-year-old St. Kitts-Nevis Trades and Labour Union. According to The Labour Spokesman, mouthpiece of the Opposition Labour Movement, ALL of the members of the Labour Union Executive including Union President Lee Moore, and Treasurer Fitzroy Bryant, have been returned to office UNOPPOSED.

There has been NO CHANGE AT ALL in the leadership and supposedly in the policy of that misguided Organisation. Lee Moore still President, St. John Payne still 1st Vice President, Walford Gumbs still 2nd Vice President, Fitzroy Bryant still treasurer, Joseph N. France still General Secretary, Fidel O'Flaherty still Assistant General Secretary. All six (6) of these individuals are POLITICIANS and PLATFORM SPEAKERS of the defeated St. Kitts Labour Party. Three (3) of them, perhaps the most visible three of them, have been REJECTED, personally rejected, at the political polls by the ordinary people of this country. These, of course, are Lee Moore, St. John Payne, and Fitzroy Bryant, who at one stage were Leader, Deputy Leader and Chairman respectively of the defeated Labour Party.

By contrast, the nine members of the Executive Committee of the Labour Union are all workers, or working-class people, more in touch with the realities of the conditions facing employees in this country than the degree-d Lawyers Lee Moore and Bryant, and Boutique Owner (also degree-d) St. John Payne.

Surely it must be clear to the members of the Labour Union that something is very, very wrong with their leadership and the policies of their leaders. Union Leaders must be in tune with the problems and hardships confronting their members. They must be sympathetic and sincere in their championing of workers' rights. They must be dedicated, committed, and unflagging in their attention to the meaningful improvement of working conditions and industrial relations. Above all, they must not, repeat NOT, use their office for personal or POLITICAL self-aggrandisement. Obviously, this is not, repeat NOT, in the best interests of the members themselves.

Gone are the days when Trade Unions in the West Indies gave the impetus for the Liberation Movements which brought much-needed long-overdue and sweeping political reform to our countries still in the grip of the benevolent domination of the Colonial task-masters. Gone, too, are the days when a Labour Union was the only legal organ through which the budding statesman could aspire and achieve to lofty heights of constructive political activism. Indeed, we have witnessed in this country within recent times (up to the 1970's) the spectacle of the Labour Premiers of this country actually negotiating with themselves as Labour Union Presidents on behalf of employers and employees at one and the same time; for example, in the Sugar Industry.

What is Lee Moore, the rejected politician, hanging on to the Labour Union for? He is no Trade Unionist, neither by profession, nor training, nor status, nor mentality. Besides, under his leadership, the Labour Union has UTTERLY FAILED to solve the biggest and most urgent problem threatening it today, namely, the enormous unpaid National Bank Debt of \$275,000.00, which has already forced them to put up a part of Masses House for sale. Of what particular benefit can it possibly be in the fact of the failure of the politicians in the Union, to hold their Conference, with NO CHANGE IN THE LABOUR UNION EXECUTIVE???????

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CSO: 3298/228

ST VINCENT AND THE GRENADINES

MITCHELL ADDRESSES NDP CONVENTION; OFFICERS ELECTED

FLO41431 Bridgetown CANA in English 1359 GMT 4 Dec 85

[Text] Kingstown, 4 Dec (CANA)--Unemployment and population growth are the two biggest problems facing St Vincent and the Grenadines, Prime Minister James Mitchell told the 10th anniversary convention of his ruling New Democratic Party (NDP) here at the weekend.

The local population numbers 102,000 (July 1985), with an average annual growth rate of 1.4 percent, with the majority of babies being born to teenage mothers. Unemployment has been put at 40 percent.

Addressing more than 400 members and party supporters at the opening session of the convention, Mitchell underscored the link between unemployment and the rate of population growth within the context of proper policy planning.

If you're unemployed today, what future is there for your children in 20 or 30 years when there are more children, he asked.

He said Vincentians must work to build agriculture and tourism, and to enable the country to reach its industrialization capacity.

At the business session of the convention, Mitchell, one of the co-founders of the NDP in 1975, was unanimously re-elected president and party leader for the 14th consecutive year.

Senator Emery Robertson, the present attorney general and minister of legal affairs, has also been re-elected chairman for the third consecutive year.

Returned as NDP vice presidents were Eddie Griffith, the minister of health, and Herbie Young, minister of state in the Ministry of Trade, Industry and Agriculture.

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CSO: 3298/229

## ST VINCENT AND THE GRENADINES

### BRIEFS

UNION WAGE DEMANDS--Kingstown, Saturday (CANA)--The influential National Workers Movement (NLM) has urged St Vincent and the Grenadines Government to increase minimum wages and appoint a new wages council. The union said that while trade unions had managed to get wages above the regulated minimum scale for their members, a number of workers were still being paid ridiculously low rates. The union said the discriminatory aspect of the regulations which provide differences in pay between men and women, was also being used by some employers as an excuse to hire women and take advantage of the lower wage rate. The existing minimum wages regulations provide for men in the industrial sector to be paid \$13.52 dollars for an eight-hour day. Their female counterparts are entitled to \$10.40 dollars daily. The minimum weekly wage of a shop assistant or store clerk under the regulations is \$52 dollars a week, while female agricultural workers' minimum pay is eight dollars a day. Men in the agricultural sector are entitled to \$10.40 dollars daily. [Text] [Port-of-Spain SUNDAY EXPRESS in English 15 Dec 85 p 5] /9274

CSO: 3298/229



TRINIDAD AND TOBAGO

DEVALUATION HIGHLIGHTS CHAMBERS' 1986 BUDGET SUBMISSION

Prime Minister's Presentation

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Prime Minister and Minister of Finance George Chambers yesterday announced a 50 percent devaluation of the Trinidad and Tobago dollar as he presented his 1986 Budget that gave with one hand and took with the other.

Instead of TT \$2.40 to one US dollar, the new exchange rate is now TT \$3.60. But is a two-tiered system, since the new rate will not apply to a range of foods, drugs, agricultural inputs and school-books.

While making it costlier to travel and to purchase imports, Mr. Chambers brought some respite from cost of living pressures to thousands of old age pensioners, retired public officers and recipients of Public Assistance.

He also announced a plan that would regularise the situation of thousands of squatters on State lands all over the country.

In his presentation that lasted two hours and 12 minutes, Mr. Chambers also announced a host of other fiscal measures that brought mixed reaction from various sectors of the society.

And on completion of his presentation, it was announced that debate on the Budget will begin in Parliament at 9 a.m. on Friday.

Fiscal measures include removal of the controversial 12 per cent Stamp Duty on bills of entry for raw materials and other inputs into industry, including including agro-industry. The stamp duty on pre-recorded cinema film is also being removed.

The existing [figure indistinct] per cent purchase tax on imported live [word indistinct] has been abolished, and there is a reduction in the levy on tote, forecast and trifecta betting.

In Trinidad, the levy will now be 10 per cent, and in Tobago, two and a half per cent.

## Alcohol Goes Up

Drinkers and smokers now have to dig deeper in their pockets, since the taxes on alcohol and tobacco are to be increased.

In order to create more job opportunities and to pick up the unemployment slack, Mr. Chambers has proposed an enhanced Employment Allowance to which all enterprises, regardless of size and area of activity will now be eligible. Eligible claims can be made on salaries not exceeding \$4,000 per month.

And in order to protect employment in Caricom, the Nassau Accord which provides for a 15 percent surcharge on specified imports from extra-regional sources, will be implemented from January 1, 1986.

Also, a new rate structure of purchase tax is to be introduced, reducing the current six categories to four--10 per cent, 30, 50 and 75 percent. Goods now in the range of 15 percent purchase tax will drop to ten.

But there is to be a ten per cent tax on overseas tour packages and auto rentals, except for bona fide tourists.

The ten per cent purchase tax on packaging materials is to be moved and the \$200 landing fee certificates for visitors is to be abolished.

For those wishing to make their income tax burden lighter, tax-savings and deposit accounts has been increased from \$3,000 to \$5,000 per year.

## Foreign Investment

This facility is now being extended to deposits in non-bank financial institutions and building societies, as well as to purchasers of units from the Unit Trust whose allowance has been tagged at \$2,500 per year.

Some 54,000 old age pensioners will receive a \$25.00 monthly increase, while adult recipients of Public Assistance will get a \$10.00 increase, and children, an increase of \$8.00 a month.

The more than 9,400 retired public officers will receive monthly pension increases ranging from \$100 to \$250 and will also be afforded a special personal income tax allowance. While everyone else continues to claim \$2,500 as personal allowance, they can claim \$2,750.

In addition to pension increases all persons over the age of 65 will be eligible to receive free 'bus passes.

Stating the case for devaluation of the TT dollar, Mr. Chambers, whose presentation was carried live on radio and television, said there were substantial benefits to be derived from an adjustment of the exchange rate.

First and foremost, he said, this would restore a measure of competitiveness to industry and tourism.

Secondly, it would be a fillip to investment, particularly those financed from foreign sources.

Increased competitiveness and investment, he explained, would lead to higher production, expanded exports and more jobs, with consequent positive impact on Government revenues, resulting in increased public expenditure.

But while this was so, he also pointed to the inevitable higher costs, notably the lowering of the ability of citizens to purchase imports.

According to Mr. Chambers, in order to achieve maximum benefit for an exchange rate adjustment it was imperative that costs of essentials be contained.

He said it was his considered view that the most advantageous way by which to achieve this operation was to have a dual rate.

He announced that there will be no change in the rate applicable to a range of foods, drugs, agricultural inputs and school-books.

Mr. Chambers promised publication of a full list of items to be brought under mandatory price controls at their existing prices. And if necessary, he added, the Government was prepared to legislate a freeze on these prices.

Also determined to keep the price lid down on energy, he said Government will instruct the oil companies to keep petrol, kerosene, LPG and all other sources of energy at prevailing prices.

Overall, the estimate for recurrent expenditure in the 1986 Budget is \$6,547 million while capital expenditure has been put at \$2,067 million, making a total of \$8,614 million.

#### Budget Highlights

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Highlights of the 1986 Budget presented yesterday by Prime Minister George Chambers in his capacity as Minister of Finance.

--Introduction of a two-tiered foreign currency exchange rate--the existing \$2.40 (TT) to US\$1 to remain for specified imports including food, drugs, agricultural inputs and school books. The rate for other goods and services up by 50 per cent, pegging the local currency at \$3.60 to US\$1.

---Removal of ten per cent levy on sale of foreign exchange.

--Tribunal to be established to regularise squatting on State lands.

--Purchase tax of alcoholic beverages now fetching a 45 per cent levy to increase to 50 per cent.

- Increases in the purchase tax on cigarettes and other tobacco products.
- A new ten per cent tax for travellers on the sales value of overseas tour packages and rental of motor vehicles (tourist exempted).
- Removal of price control from chicken.
- More than 9,000 public service pensioners who retired before 1984 to get increased monthly pension payments ranging from \$100 to \$250.
- Old age pension payments for more than 54,000 recipients up by \$25 monthly and public assistance payouts to be increased by \$10 a month for adults and \$8 for children.
- Free omnibus passes entitlement enjoyed by old age pensioners and public assistance recipients to be extended to 65-year-olds and over.
- All business enterprises to qualify for jobs-creating employment allowance applicable to jobs with salaries up to \$4,000 a month.
- Abolition of 12 per cent stamp duty on imports of industrial (including agro-industry) raw materials.
- Increasing the limit of tax exempt interest on savings and deposits from \$3,000 to \$5,000 annually. It will also be applicable to deposits in non-bank institutions and buildings societies.
- A tax deduction of up to \$2,500 a year for buyers of additional units from the Unit Trust Corporation.
- Abolition of \$200 payment for visitors wishing to extend their stay in Trinidad and Tobago.
- Removal of the 50 per cent purchase tax on imported live horses and reduction of levy on tote, forecast and trifecta betting to ten per cent (Trinidad) and 2.5 percent (Tobago).
- Imposition of a levy on imported milk and milk products.
- National Youth Steel Orchestra and Youth Theatre to be set up.

#### Spending Features

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Government has estimated that spending for the year 1986 will come to \$6.5 billion, or \$600 million less than the estimated expenditure for 1985.

In the Budget document "Draft Estimates of Expenditure for the Year 1986," the 1986 estimates of expenditure were put at \$6,547,335,052. The 1985

estimates were \$7,152,656,590 but spending fell far below that figure this year and the revised estimates for 1985 came up to \$6,379,122,500.

The following are the main areas of spending for 1986, in million of dollars.

| <u>Head</u>   | <u>1986<br/>Estimates</u> | <u>1985<br/>Estimates</u> | <u>Revised<br/>1985<br/>Estimates</u> |
|---|---------------------------|---------------------------|---------------------------------------|
| Loans and grant to statutory authorities                    | \$838                     | \$1,284                   | \$1,032                               |
| Ministry of Education                                       | 827                       | 967                       | 947                                   |
| Ministry of Finance   | 701                       | 702                       | 388                                   |
| Ministry of Health and Environment                          | 559                       | 631                       | 560                                   |
| Ministry of National Security                               | 533                       | 524                       | 527                                   |
| Ministry of Community Development and<br>Local Government   | 513                       | 493                       | 494                                   |
| Charges on account of the public debt                       | 468                       | 509                       | 367                                   |
| Ministry of Works, Maintenance and Drainage                 | 305                       | 311                       | 316                                   |
| Charges on account of the Public                            | 267                       | 235                       | 232                                   |
| Debt-Capital repayment<br>Pensions and Gratuities           | 246                       | 232                       | 229                                   |
| Ministry of Labour, Social Security and<br>Co-operatives    | 252                       | 254                       | 253                                   |
| Ministry of Agriculture, Lands and Fisheries                | 222                       | 207                       | 228                                   |
| Ministry of Public Utilities and National<br>Transportation | 176                       | 177                       | 176                                   |
| Ministry of Industry, Commerce and Consumer<br>Affairs      | 148                       | 148                       | 147                                   |
| Tobago House of Assembly                                    | 131                       | 127                       | 129                                   |
| Ministry of External Affairs                                | 50                        | 50                        | 49                                    |
| Ministry of Housing and Resettlement                        | 55                        | 42                        | 42                                    |
| Ministry of Sport, Culture and Youth Affairs                | 23                        | 24                        | 25                                    |
| Ministry of Energy and Natural Resources                    | 11                        | 11                        | 11                                    |
| Attorney General and Ministry of Legal Affairs              | 19                        | 19                        | 21                                    |

17 January 1986

## Panday Comment

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Opposition Leader Basdeo Panday: "It is scraping the bottom of the barrel."

Political Leader of the National Alliance for Reconstruction (NAR) Mr. Arthur Napoleon Robinson: "It is an utter fiasco."

These comments were made immediately after Prime Minister and Minister of Finance George Chambers delivered the 1986 Budget Speech.

Mr. Panday added that the Budget gave no answer to many of the fundamental problems affecting the country.

He said: "The only significant thing is the devaluation of our currency and this was done in order to have more money locally to finance the next general election campaign."

Mr Robinson, a former Minister of Finance, said that never was a national Budget presented in such a manner.

Chairman of the Tobago House of Assembly, Mr Robinson charged: "It is [words indistinct] an act of desperation and as far as the devaluation is concerned the country was not prepared for that step.

"We have heard nothing about merchandising accounts, accounts of the Government. Information on a number of factors including the anticipated revenue for 1985, what was anticipated and what was received in 1985, ought to have been included in the Budget speech.

"The country should also have been told what prescribed remedies we could look for in 1986."

Opposition Member for Chaguanas, Mr. Winston Dookeran, argued that the devaluation nullified all other concessions like removal of the 12 per cent stamp duty.

## Impact on Tobago

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] Opposition representatives in the House of Representatives have said that the 1986 Budget has given Tobago nothing but the certainty of increased prices. They also charged that a Budget which did not have any input from the Tobago House of Assembly did not reflect the wishes of the people.

Rep Pam Nicholson (Opposition--Tobago East) said she found in the budget nothing to enhance Tobago's contribution, especially in tourism and agriculture. She saw no means for moving Tobago away from a state of dependence on Trinidad.

Miss Nicholson said that once again there was no mention of a deep water harbour in Tobago or an international airport, nor any mention of small cabanas and guest houses for enhancing tourism.

Rep James Ogiste (Opposition—Tobago West) saw the budget as a "disincentive to Tobago," and warned that immediate increases in building costs could cause further unemployment and reduce construction activity.

He argued that proposals for Tobago as a separate entity were not mentioned, even though special measures were needed for the island. Normally prices in Tobago were higher than those in Trinidad, as traders came to Trinidad and added on their profit before selling in Tobago.

The Budget would further aggravate the situation of high prices in Tobago, said Mr Ogiste. He too noted that a deep water harbour would allow ships to land goods directly in Tobago, and thus make a significant contribution to reducing costs.

#### Manufacturers' Reaction

Port-of-Spain TRINIDAD GUARDIAN in English 18 Dec 85 p 1

[Text] The President of the Trinidad and Tobago Manufacturers' Association, Mr. David Wrigley yesterday described the introduction of the two-tiered financial system in the 1986 Budget as a tremendous boost to the sale of local products on the local, Caricom and extra-regional markets.

Speaking to the GUARDIAN soon after Prime Minister George Chambers delivered the Budget, Mr. Wrigley added that devaluation of the TT dollar would encourage joint ventures.

While admitting that the 50 per cent devaluation on imports with the exception of school books, foodstuff, pharmaceuticals, and energy products, would drive the prices of some local goods up by 20-35 per cent, the real incentive to local manufacturers was the removal of the 12 per cent surcharge on raw materials and the 10 per cent stamp duty on packaging material, he said.

The cost of imported raw materials, when added to the local product, would not change significantly on the export market, and with devaluation, the local product, Mr. Wrigley said, would be very competitive both at Caricom and extra-regional levels.

He said local manufacturers had found that their products were of international standards and quality but costs were a paralysing factor always. "The devaluation gives us a tremendous advantage," Mr Wrigley added.

"It makes joint ventures also more attractive as investors will be more interested in gaining access to the U.S. market through Trinidad and Tobago with its low costs," he said.

Mr Wrigley said the two-tiered system would cushion the cost of living in terms of the major living inputs--energy pharmaceuticals, foods and school-books.

He agreed that devaluation would affect students abroad but said that maybe in the review of the tax structure, that might be taken into consideration.

Mr. Wrigley said devaluation was consistent with recommendations the TTMA made.

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TRINIDAD AND TOBAGO

TOBAGO ASSEMBLY ASSAILS GOVERNMENT OVER FISHING PACT WITH VENEZUELA

Port-of-Spain EXPRESS in English 12 Dec 85 p 64

[Article by Compton Delph]

[Text] The Government was lambasted by members of the Tobago House of Assembly for signing a fishing agreement with Venezuela which does not protect the waters of Tobago.

In fact, one Assemblyman, Kenneth Murray, said that by signing such an agreement "Trinidad had seceded from Tobago."

He accused Minister of External Affairs Errol Mahabir, who negotiated the agreement with the Venezuelans, of abandoning Tobago. "And it was Mahabir who came to Tobago last year and accused us of wanting to secede," said Murray, representative of the fishing district of L'Anse Fourmi/Charlotteville.

Murray was fully supported by Deputy Chairman of the Assembly Dr Jeff Davidson, the secretary for agriculture and marine affairs, that Venezuelans fished the waters off Tobago with impunity.

But both Davidson and Murray said that the biggest poachers in Tobago's waters were the Barbadians. Davidson said that as many as 15 boats from Barbados fish within two miles of the north-eastern coast shores of Tobago.

"It is estimated that these boats take in excess of \$30 million worth of flying fish out of our waters each year," he said. "And what is even more distressing was the fact that the Bajans are processing and selling this fish on the Canadian market, thus earning much-needed foreign exchange."

Murray said that Barbados was no longer the island of the flying fish. Tobago had now taken that position but the Barbados boats are now fishing the banks in Tobago and greedily taking everything out with their flying fish catch.

Murray quoted from the agreement signed by Mahabir with the Venezuelans which provides for "the exclusion of the waters around the island of Tobago from the agreement and the reserving of those areas for the Tobago fishermen." But since there were no Coast Guard in Tobago to enforce this provision

and protect the Tobago fishermen, the Barbadians and the Venezuelans are poaching openly, he said.

Recalling that the Assembly had protested against the poaching Barbadians, Davidson said that he had heard that the Government of Trinidad and Tobago has done nothing about the matter since it wanted "to trade off the fishing issue for BWIA's rights to fly into Barbados."

The fishing issue was raised on the last of a four-day debate, lasting some 16 hours, on the Assembly's 1986 Estimate of Expenditure passed Tuesday evening at \$227.7 million.

The debate ended with strident calls on the Government to obey the law of the country and (1) establish the Tobago House of Assembly Fund; (2) hand over responsibility for health education, and other areas which legally belong to the Assembly, and (3) pass the necessary legislation to give the Assembly control over its public service staff.

Assemblyman Clarence Warner said that "all the documents dealing with these matters have been passed on by the Assembly to the minister with responsibility for levying...the Minister in the Ministry of Finance, Senator Anthony Jacelon."

But the Government, he said, has refused to settle them even though, as far back as July 26, 1983, Prime Minister George Chambers "and almost the whole of his Cabinet, at a meeting with the Assembly at the Crown Reef Hotel, agreed that the Assembly's arguments were correct.

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17 January 1986

TRINIDAD AND TOBAGO

'WANTON TRAWLING' DEPLETING COASTAL FISHING RESOURCES

Port-of-Spain TRINIDAD GUARDIAN in English 11 Dec 85 p 12

[Article by Valentino Singh]

[Text] Wanton trawling around the coastal waters of Trinidad and Tobago is a major concern to the fishing industry.

And unless something is done urgently, the coastal waters may well find itself without fish in the near future.

A GUARDIAN investigation has revealed that persons, oblivious to the dangers which they are causing, have now gone on a "get rich quick" scene in which they purchase a trawler and without knowledge of what they are doing cast their nets into the waters.

No Laws

And because there are no laws forbidding it, they operate as close to the coast line as possible, pulling in a surplus of young fish and at the same time disturbing the sea bed so that the breeding ground is destroyed.

Mr. Hosein Khan, President of the Trawlers Association, a group of about 18 fishermen who make a living from trawling told the GUARDIAN that he was indeed aware that such a problem existed.

He said that his association had discussed the problems but there was very little that could be done in the circumstances.

"I can assure you that members of the association are not responsible for what is happening."

He explained that the persons responsible for the wanton raping of the coastal waters were not genuine fishermen but persons who were out "to get a quick buck."

"The easiest way to do so is to buy a trawler and cast a net into the sea and that is it," said Mr. Hosein.

Shazzam Ali, assistant chief executive officer at National Fisheries, said that he too was very concerned at what was happening.

He said: "Our trawlers have been accused of this act but I wish to assure the public that we have no trawlers in the coastal waters surrounding Trinidad."

Mr. Ali said that National Fisheries had a fleet of eight trawlers, six of which were operating.

"All of them are based in Brazil since we got that joint venture with that country."

Coast guard officials pointed out that they too were powerless.

"What can we do, there is no law against trawling at any point in our waters." Even the Institute of Marine Affairs is powerless, waiting for some sort of legislation to be implemented.

#### Sure Means

The GUARDIAN learnt that several businessmen were now looking to the sea as a sure means to getting return on an investment.

They buy a secondhand trawler for somewhere around \$350,000 and head into the waters.

And after one night in the ocean, they can pull in as much as \$3,000 pounds of fish of which very often 1,000 pounds are not marketable. [as published2

"A catch of that magnitude would fetch around \$3,500 for a night's work," said a fisheries division official.

Perhaps the most disturbing aspect of our investigation is that since 1982 efforts have been made to erase the problems now existing.

And recommendations to restrict the area in which unskilled trawling can take place as well as the defining of proper sizes in the cod ends of the trawl nets have been the subject of much discussions.

In fact the declining fish landings from the Gulf of Paria and other areas around Trinidad, both in terms of quantity and size of individuals of the various species landed, have been a matter of concern since then.

A committee, including members of the Caribbean Fisheries Training and Development Institute, the Institute of Marine Affairs, the National Fisheries Company and the Fisheries Division of the Ministry of Agriculture, Lands and Food Production last year made recommendations to stop the rampant raping of our waters.

## Prohibit

Among the many recommendations were to prohibit shrimping along the North Coast waters as well as to insist that nets cast in the waters of both the North and East Coast should be no less than 7.5 cm (three ins) and that trawling should not take place within four nautical miles from these shore-lines.

In the Gulf and along the South Coast, the committee recommended that trawlers over 12 metres should be stopped from operating within the ten-fathom isobath.

The committee felt that such regulations should be put into effect for a two-year trial.

However, nothing has been heard of any such legislation although the recommendations were made more than a year ago.

In the meantime our fishing resources continue to sink lower and lower and no one can say how far down it will go.

Did someone say at the bottom of the ocean?

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CSO: 3298/232

TRINIDAD AND TOBAGO

VISA REQUIREMENT FOR GRENADIANS ENDED; GOVERNMENT CRITICIZED

Padmore Announcement

Port-of-Spain TRINIDAD GUARDIAN in English 14 Dec 85 p 1

[Text] Trinidad and Tobago has lifted the visa requirements for Grenadians wishing to travel to Port-of-Spain, National Security Minister Overand Padmore told the House of Representatives yesterday afternoon.

But Mr. Padmore, while disclosing the relaxation of the visa stipulation--imposed in the aftermath of the October 1983 political crisis in Grenada which culminated in the invasion (or intervention) of the country by military forces led by American personnel--did not say when it would become effective.

On this score he told members of the Lower House:

"I am in consultation with representatives of the Government of Grenada and expect, very shortly, to be in a position to make an announcement concerning the date on which this agreement will come into effect."

Imposition of the visa requirement was a source of great irritation to Grenadians who prior to the disastrous Grenada political crisis, did not have to contend with the visa "obstacle."

Full statement of Mr. Padmore:

"Honourable members will no doubt recall the circumstances surrounding the imposition of a number of economic and security measures by the Government of Trinidad and Tobago affecting Grenada in October 1983.

"As I indicated to the Honourable Senate on July 16, 1985, in reply to a question, the Trinidad and Tobago Government measures were in response to unprecedented events which threatened the peace and security of this region, including Trinidad and Tobago.

"I had pointed out in that reply that a number of these measures had been lifted and discussions were taking place between representatives of both Governments in respect of visa requirements. These discussions were advanced when Prime Minister George Chambers met with Prime Minister Herbert Blaize

of Grenada in Nassau on the occasion of the Commonwealth Prime Ministers' Conference.

"There were follow-up discussions by the Prime Minister of Grenada and the Minister of National Security of Trinidad and Tobago in Grenada on Tuesday December 3, 1985.

"I am now in a position to advise this Honourable House that arising out of these intensive consultations both Governments have now reached complete agreement on the removal of the visa requirement for Grenadian citizens.

"The accord takes fully into account the particular concerns of both Governments and will enable citizens of Grenada to visit Trinidad and Tobago without the need to first obtain a visa and subject only to the existing immigration requirements at the port of entry. This new arrangement will, of course, be kept under review. I am in consultation with representatives of the Government of Grenada and expect, very shortly, to be in a position to make an announcement concerning the date on which this arrangement will come into effect.

"I am sure that all Honourable Members would wish to welcome this most recent indication of the excellent relations existing between the Government of Trinidad and Tobago and the Government of Grenada."

#### GUARDIAN Complaints

Port-of-Spain TRINIDAD GUARDIAN in English 17 Dec 85 p 8

[Editorial]

[Text] It is a mystery why, for so long, Trinidad and Tobago kept the visa requirement for travellers from Grenada. While the visa is to go, the announcement last Friday in Parliament suggests a great reluctance by the Government.

National Security Minister Overand Padmore said: "...Arising out of...intense consultations, both Governments have now reached complete agreement (on removal of the visa for Grenadians)."

He went on to say that the accord took fully into account "the particular concerns of both Governments."

The Government has not articulated what is the nature of its concern, neither the Prime Minister, Mr. Chambers in a public statement earlier, nor Mr. Padmore. Both left the impression, however, that the visa was serving an important purpose.

Did it?

## Lax Surveillance

If we guess that the Government's concern was over a tide of Grenadians surging into Trinidad and Tobago at a bad time for the country, it was an ill-conceived notion.

If we guess also that the Government feared an influx of subversives, it was equally pointless. We fail to see how a visa can stop job seekers or subversives in their tracks.

Such concerns are not to be ignored, but the answer lies in effective surveillance for all sources of such dangers, not the discriminatory visa which, in our view, has done more harm than any conceivable good.

Job seekers are coming in somehow from all points of the Caribbean. They have even crossed the traditional language barrier, in the vice market. Reports tell of illegal immigrant colonies in several rural districts.

All of this adds up to lax surveillance and a wide open back door. The visa fallacy is a belief that if denied a visa the Grenadians could not find that door as easily as others are doing.

The visa, on the other hand, told Grenadians in unmistakable terms they were not welcome. However lawful or useful their links with Trinidad, they were somehow a social breed who must get a visa to travel here.

And this has embittered relations with people having long, closed and legitimate ties, who are part of the Trinidad and Tobago social fabric.

Removal of the visa now suggests that there is belated recognition of the fact by Government. A legacy of sour relations will last a while.

After surviving its leftist nightmare and returning to a democratic form of government, Grenada deserved better from Trinidad and Tobago than maintaining of a measure originally intended to make General Austin behave himself.

That General Austin has almost faded from some memories in Trinidad but for two years the visa was still kept deliberately in place calls for some rational explanation.

## Generosity

Adding to the hurt of this discriminatory measure is the mamaguy from big-brother TT of signalling assistance but rendering none. After repeated discussions with the new Grenada administration and the sending of a fact-finding mission to the Isle of Spice, it seemed that the TT government was prepared to assist its Caricom partner in the urgent and difficult task of finding its democratic feet once again.

But Mr. Cross's recommendations apparently went blowing in the wind. While leftist Guyana was able to chalk up a debt of some \$400 million from TT's generosity, struggling Grenada got little or nothing.



Some may well see in this less noble reasons than the national interest.

Small wonder that Grenada has decided to form its own airline.

Lifting of the visa is long overdue, but much more is required to restore good relations with Grenada. Perhaps a visit, Mr. Chambers?

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TRINIDAD AND TOBAGO

BRIEFS

FOREIGN DEBT INCREASE--Port-of-Spain, 14 Nov (CANA)--Trinidad and Tobago's total foreign debt increased by 23.3 percent to 2,206.7 million dollars (one TT dollar; 41 U.S. cents) in the second quarter of 1985 in comparison with the mid-1984 figure, according to the Central Bank's largest statistical digest. The foreign debt at June last year was 1,788.7 million dollars. The publication shows this country's total foreign debt moving from 1,551 million dollars for the whole of 1983 to 2,013 million dollars in the 1984 last quarter, and 2,116.4 million at April of this year. Government's gross debt amounted to 3,606.4 million dollars at mid-1985. This comprised the 2,206.7 million dollar external debt, and 1,399.7 million dollars which government owes internally. The gross debt compares with 2,862.4 million dollars in June 1984, which had grown to 3,102.8 million dollars by December 1984. For 1985, gross debt grew gradually from 3,092.6 million dollars (January), to 3,195.5 million (February), 3,312.8 million (March), 3,274.3 (April) to 3,489.6 million dollars in May. [Text] [Bridgetown CANA in English 1405 GMT 14 Nov 85 FL] /9274

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VENEZUELA

BRIEFS

AMBASSADORIAL APPOINTMENTS--It was announced yesterday that Roman Rojas Cabot will be appointed ambassador to the EEC in Brussels. He will replace Fernando Gerbasi, who was appointed ambassador to Brazil replacing retired Division General Calderon Godoy. It was also reported that the Foreign Ministry has requested the approval of the Swiss Government for the appointment of Urbina Cabello, who will replace Rene Hartman de Betancourt. [Summary] [Caracas EL NACIONAL in Spanish 1 Dec 85 p d-2 PA] /6091

AGRICULTURAL GROWTH RATE--Agriculture and Livestock Minister Felipe Gomez Alvarez reported today that the agricultural growth rate for 1985 was 6 percent. He said that this is due to the fact that the agricultural sector reacted satisfactorily to measures adopted by the executive branch. The breakdown of the 1985 production figures by crop is as follows: 850,000 tons of corn, approximately 450,000 tons of rice, 490,000 tons of sorghum, 1.8 million tons of cereals, and 70,000 tons of cotton. There was also an increase in the production of sugar cane: 595,000 tons. [Summary] [Caracas Television Service in Spanish 0000 GMT 17 Dec 85 PA] /6091

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